



## COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

<b>COUNCIL MEMBERS</b>	<b>REDEVELOPMENT AGENCY</b>
Dennis Kennedy, Mayor	Dennis Kennedy, Chair
Steve Tate, Mayor Pro Tempore	Steve Tate, Vice-Chair
Larry Carr, Council Member	Larry Carr, Agency Member
Mark Grzan, Council Member	Mark Grzan, Agency Member
Greg Sellers, Council Member	Greg Sellers, Agency Member

**WEDNESDAY, AUGUST 3, 2005**

**AGENDA**

**JOINT MEETING**

**CITY COUNCIL SPECIAL AND REGULAR MEETING**

**and**

**REDEVELOPMENT AGENCY SPECIAL MEETING**

**6:00 P.M.**

***A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions.***

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**Dennis Kennedy, Mayor/Chairman**

**CALL TO ORDER**

(Mayor/Chairperson Kennedy)

**ROLL CALL ATTENDANCE**

(City Clerk/Agency Secretary Torrez)

**DECLARATION OF POSTING OF AGENDA**

**Per Government Code 54954.2**

(City Clerk/Agency Secretary Torrez)

**6:00 P.M.**

***City Council Action and Redevelopment Agency Action***

**CLOSED SESSION:**

**1.**

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Authority: Government Code Sections 54956.9(b) & (c)  
Number of Potential Cases: 1

**2.**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Authority: Government Code 54957  
Public Employee Performance Evaluation: City Manager  
Attendees: City Council, City Manager

**OPPORTUNITY FOR PUBLIC COMMENT**

**ADJOURN TO CLOSED SESSION**

**RECONVENE**

**CLOSED SESSION ANNOUNCEMENT**

**7:00 P.M.**

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

**RECOGNITIONS**

Retiring Planning Commissioner Charles Weston  
*Mayor Kennedy*

Walt Glines, Editor – Morgan Hill Times  
Carol Holzgrafe, City Hall Reporter – Morgan Hill Times  
*Mayor Kennedy*

**INTRODUCTIONS**

Public Works Employees  
*Director of Public Works Ashcraft*

**CITY COUNCIL REPORT**

Council Member Grzan

**CITY COUNCIL SUB-COMMITTEE REPORTS**

**CITY MANAGER'S REPORT**

**CITY ATTORNEY'S REPORT**

**OTHER REPORTS**

**PUBLIC COMMENT**

**NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.**

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME  
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND  
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE  
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY  
COUNCIL/REDEVELOPMENT AGENCY.**

## ***City Council Action***

**CONSENT CALENDAR:**

**ITEMS 1-6**                      The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

**Time Estimate**

**Page**

**Consent Calendar: 1 - 10 Minutes**

**1.      APPROVAL OF SETTLEMENT AGREEMENT FOR TENNANT AVENUE WIDENING PROJECT .....**

**Recommended Action(s): Ratify** Settlement Agreement for the Hernandez Property (APN: 817-04-006) as Identified in the Staff Report.

**2.      AMENDMENT TO COST SHARING AGREEMENT WITH SANTA CLARA VALLEY WATER DISTRICT FOR LLAGAS CREEK FLOOD PROTECTION (PL 566) TECHNICAL STUDIES .....**

**Recommended Action(s):**

1. **Approve** Appropriation of \$40,000 from Current Year Unappropriated Drainage Fund (304, Non-AB 1600) Balance for this Project; and
2. **Authorize** the City Manager, Subject to City Attorney Review and Approval, to Execute an Amendment to a Cost Sharing Agreement with the Santa Clara Valley Water District Increasing the City's Share by \$40,000.

**3.      REQUEST TO CO-SPONSOR CENTENNIAL EVENTS AT THE COMMUNITY AND CULTURAL CENTER .....**

**Recommended Action(s):**

1. **Agree** to Co-Sponsor Centennial Morgan Hill Committee's Centennial Events at the Community & Cultural Center; and
2. **Appropriate** \$10,000 from the General Fund Reserves.

Time Estimate  
Consent Calendar: 1 - 10 Minutes

Page

4. **ADOPT ORDINANCE NO. 1732, NEW SERIES**.....  
**Recommended Action(s):** Waive the Reading, and Adopt Ordinance No. 1732, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN R-2/RPD ZONING AMENDMENT TO ESTABLISH A RESIDENTIAL PLANNED DEVELOPMENT OVERLAY ON A 10.44 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF EAST DUNNE AVENUE AND SAN BENANCIO WAY. (APNs 817-11-067 & 817-11-072).**
5. **ADOPT ORDINANCE NO. 1733, NEW SERIES**.....  
**Recommended Action(s):** Waive the Reading, and Adopt Ordinance No. 1733, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 04-09 FOR APPLICATION MP-02-06: EAST DUNNE - DEMPSEY & MP-04-12: EAST DUNNE - DELCO (APNs 817-11-067 & 817-11-072).**
6. **ADOPT ORDINANCE NO. 1734, NEW SERIES, AS AMENDED**.....  
**Recommended Action(s):** Waive the Reading, and Adopt Ordinance No. 1734, New Series, As Amended, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE MORGAN HILL MUNICIPAL CODE, CHAPTER 18.50 OFF-STREET PARKING AND PAVING STANDARDS, TO ESTABLISH EXEMPTIONS FOR DOWNTOWN DEVELOPMENT PROJECTS.**

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

#### **ITEM 7**

Time Estimate  
Consent Calendar: 1 - 10 Minutes

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7. **CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT MARKETING PLAN FOR FISCAL YEAR 2005-2006**.....  
**Recommended Action(s):** Authorize the Executive Director to Prepare and Execute an Agreement, in an Amount not to Exceed \$125,000, with the Morgan Hill Chamber of Commerce to Implement their Economic Development Marketing Plan for Fiscal Year 2005-2006; Subject to Review and Approval of Agency Counsel.

## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

#### **ITEM 8**

Time Estimate

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Consent Calendar: 1 - 10 Minutes

8. [APPROVE JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF JULY 20, 2005](#).....

## ***City Council Action***

### **PUBLIC HEARINGS:**

Time Estimate

Page

9. 10 Minutes [GENERAL PLAN AMENDMENT, GPA-04-07 AND ZONING AMENDMENT, ZA-04-14 FOR SUNSWEET OPPORTUNITY SITE, TO ESTABLISH DENSITY OF 25-40 UNITS PER ACRE AND PLANNED UNIT DEVELOPMENT ZONING AND DESIGN GUIDELINES, TO IMPLEMENT THE DOWNTOWN PLAN](#).....
- Public Hearing Opened.  
Please Limit Your Remarks to 3 Minutes. Public Hearing Closed  
Council Discussion.
- Action- **Adopt** Resolution Amending the General Plan.
- Action- **Motion to Waive** the Reading in Full of the Zoning Amendment Ordinance.
- Action- **Motion to Introduce** Zoning Amendment Ordinance by Title Only. (Roll Call Vote)

## ***City Council Action***

### **OTHER BUSINESS:**

Time Estimate

Page

10. 10 Minutes [SOUTH COUNTY AIR QUALITY ISSUES](#).....  
**Recommended Action(s): Receive** Report to be presented at the City Council Meeting.
11. 30 Minutes [MORGAN HILL LIBRARY APPROVAL OF DESIGN DEVELOPMENT](#).....  
**Recommended Action(s):**
1. **Approve** Design Development Drawings for the Library; and
2. **Authorize** Staff to Proceed with the Construction Document Phase of the Design Process.
12. 5 Minutes [SWIM TEAM LANE ASSIGNMENT POLICY FOR THE 50 METER POOL AT THE MORGAN HILL AQUATICS CENTER](#).....  
**Recommended Action(s): Accept** the Parks and Recreation Commission's Recommendation for Lane Allocation at the Aquatics Center.

**OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
13.	60 Minutes	<b><u>2005-2006 OPERATING PLAN FOR THE MORGAN HILL AQUATICS CENTER</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Accept</u></b> Proposed Operating Plan and Related Recommendations; and 2. <b><u>Direct</u></b> Staff to Report Monthly on the Aquatic Center's Financial Status Throughout 2005-2006, and Identify Corrective Action if Needed.	
14.	15 Minutes	<b><u>APPROVAL OF COMMUNITY PARK MASTER PLAN AND MITIGATED NEGATIVE DECLARATION</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Approve</u></b> Mitigated Negative Declaration; 2. <b><u>Approve</u></b> Mitigation Monitoring and Reporting Program; and 3. <b><u>Approve</u></b> Community Park Master Plan.	
15.	10 Minutes	<b><u>AGREEMENT TO PARTICIPATE AS NON-VOTING LOCAL PARTNER TO PREPARE SANTA CLARA VALLEY HABITAT CONSERVATION PLAN/NATURAL COMMUNITY CONSERVATION PLAN (HCP/NCCP)</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Authorize</u></b> the City Manager to Execute the Non-Voting Local Partner Agreement; and 2. <b><u>Amend</u></b> the Fiscal Year 2005-2006 Budget to Include \$111,000 in the General Plan Update Contract Services Account for the HCP/NCCP from the Following Sources: <div style="margin-left: 40px;"> \$31,000 General Plan Update Fund (<i>facilitates Open Space &amp; Conservation Elements of GP</i>)  \$20,000 Community Development Fund (<i>facilitates environmental reviews of projects</i>)  \$10,000 Water Impact Fund (<i>facilitates permitting for water projects</i>)  \$10,000 Sewer Impact Fund (<i>facilitates permitting for sewer projects</i>)  \$10,000 Parks Impact Fund (<i>facilitates permitting for parks projects</i>)  \$10,000 Storm Drainage Impact Fund (<i>facilitates permitting for storm drainage projects</i>)  \$20,000 Traffic Impact Fund (<i>facilitates permitting for roadway projects</i>) </div> 3. <b><u>Authorize</u></b> Transmittal of the First Year's \$111,000 to the County of Santa Clara.	
16.	15 Minutes	<b><u>COMMITMENT TO ANNEX UNINCORPORATED ISLANDS LOCATED WITHIN THE URBAN SERVICE AREA</u></b> ..... <b><u>Recommended Action(s):</u></b> 1. <b><u>Direct</u></b> Staff to Prepare Initiation of Island Annexations Under the Provision of Government Code Section 56375.3, for those Identified on the Chart; and 2. <b><u>Request</u></b> that the County Provide the Necessary Mapping, Legal Descriptions, and Surveyor's Reports for the Islands Identified in the Chart.	

**FUTURE COUNCIL-INITIATED AGENDA ITEMS:**

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

**ADJOURNMENT**



## ***CITY COUNCIL/RDA STAFF REPORT***

***MEETING DATE: August 3, 2005***

**Agenda Item # 1**

**Prepared By:**

**Department Director**

**Submitted By:**

**City Manager**

### **APPROVAL OF SETTLEMENT AGREEMENT FOR TENNANT AVENUE WIDENING PROJECT**

**RECOMMENDED ACTION:** That Council ratify Settlement Agreement for the Hernandez Property (APN 817-04-006) as identified in this staff report.

**EXECUTIVE SUMMARY:** As Council is aware, the City proceeded with eminent domain proceedings to acquire the Hernandez property, the last property needed for the Tennant Avenue Widening Project. The court-mandated mediation process resulted in a settlement agreement, which now must be ratified by City Council to be in full force and effect.

The specific details of the settlement agreement provide for the following:

1. Payment of a total sum of \$197,000 for both the permanent street easement and temporary demolition easement needed on the property.
2. Agreement that the City would pay the mediation costs, estimated at \$1,000.
3. Property owners will have 30 days from approval of this settlement agreement to remove any vegetation that they wish to save within the permanent or temporary easement areas.
4. Property owners will have 60 days from the date of this settlement agreement approval to notify the City if they wish to relocate the house on the property. If they wish to move the house, the City will waive the permit and processing fees for the house move estimated at \$3,000 to \$5,000.

**FISCAL IMPACT:** Sufficient funds exist in the Tennant Avenue CIP project for land acquisition.



## ***CITY COUNCIL/RDA STAFF REPORT***

***MEETING DATE: August 3, 2005***

### **AMENDMENT TO COST SHARING AGREEMENT WITH SANTA CLARA VALLEY WATER DISTRICT FOR LLAGAS CREEK FLOOD PROTECTION (PL 566) TECHNICAL STUDIES**

**Agenda Item # 2**

**Prepared By:**

**Deputy Director PW**

**Approved By:**

**Department Director**

**Submitted By:**

**City Manager**

#### **RECOMMENDED ACTION:**

- 1) Approve appropriation of \$40,000 from current year unappropriated Drainage Fund (304, non-AB 1600) balance for this project.
- 2) Authorize the City Manager, subject to City Attorney review and approval, to execute an amendment to a Cost Sharing Agreement with the Santa Clara Valley Water District increasing the City's share by \$40,000.

**EXECUTIVE SUMMARY:** The Llagas Creek Flood Protection project, otherwise known as Public Law 566 (PL 566) is a large storm drainage project intended to provide flood protection for Gilroy, San Martin, and Morgan Hill. The project was initiated in 1954; approximately 60% of it is complete, with the San Martin and Morgan Hill reaches still not finished. The U.S. Army Corps of Engineers (COE) was authorized under the Water Resources Development Act of 1999 to construct the final reaches of the project. The COE and the Santa Clara Valley Water District (District) are partnering under a Memorandum of Agreement to complete the project.

At its May 5, 2004 meeting, the City Council approved a cost sharing agreement with the District to facilitate certain technical studies to further the design effort for the PL 566 project. The technical studies include geotechnical investigation (\$500,000), tree survey (\$40,000), and hazardous materials investigation (\$60,000). The total amount for all studies considered in the proposed agreement is \$600,000. The City's financial commitment under the terms of the agreement was not to exceed \$300,000.

The District has completed the hazardous materials investigation and is in the midst of the tree survey. The scope of the geotechnical investigation, however, has grown from what was initially estimated. To provide the necessary geotechnical data to sufficiently perform the design of the storm drain structures, the cost of the study will be approximately \$580,000 (an increase of \$80,000). Staff has reviewed the revised scope and concurs that it is necessary. Staff recommends amending the agreement to increase the City's share of all studies by half of the total proposed increase, or \$40,000.

**FISCAL IMPACT:** The proposed amendment to the agreement would obligate the City to pay a total "not to exceed" amount of \$340,000. This action requires appropriating an additional \$40,000 from unappropriated Drainage Fund (304) to CIP project 417099.





**CITY COUNCIL STAFF REPORT**  
**MEETING DATE: August 3, 2005**

**REQUEST TO CO-SPONSOR CENTENNIAL EVENTS AT  
THE COMMUNITY & CULTURAL CENTER**

**RECOMMENDED ACTION(S):**

- 1) Agree to Co-Sponsor Centennial Morgan Hill Committee's Centennial Events at the Community & Cultural Center; and
- 2) Appropriate \$10,000 from the General Fund Reserves

**Agenda Item #3**

**Prepared By:**

**Council Services &  
Records Manager**

**Submitted By:**

**City Manager**

**EXECUTIVE SUMMARY:**

In August 2005, the City Council appointed a centennial committee consisting of Brad Jones, Marilyn Librers, Jennifer Tate, Lorraine Welk, Janie Knopf, Ellie Weston, and Vivian Varela. Council Services & Records Manager Torrez is serving as the City staff liaison to the committee. Mayor Kennedy and Council Member Sellers agreed to assist the Centennial Morgan Hill Committee (Committee) in its effort to plan a year long centennial celebration.

In March 2005, the City Council/Redevelopment Agency agreed to appropriate \$29,500 in funding and \$50,000 in "in-kind" services to assist the Committee in moving forward with centennial activities. The Council also earmarked another \$25,000, as part of the adopted Fiscal Year 2005-06 budget, for centennial activities for a total of \$104,500 (\$54,500 funding appropriation and \$50,000 in in-kind services). The funding appropriated would be used for the following activities/expenses:

- Marketing materials (e.g., centennial products), printing, phone line, and post office box rental
- Design/hosting of a website
- Logo design
- Stationary and postage/mailings
- Insurance
- A variety of special community events to be held throughout 2005

The Committee has been meeting regularly, on a monthly basis, and is well underway in planning a variety of centennial activities. The Committee is ready to proceed with the scheduling of three community events at the Community & Cultural Center: December 31, 2005 – New Year's Eve Gala; August 5 and August 6, 2006 – Centennial Days Event; and November 10, 2005 – Incorporation Reception. The rental fee for use of the Community & Cultural Center by non profit groups is \$2,500 per day. The Committee is requesting that the City of Morgan Hill co-sponsor these three events. Staff is not recommending that the Council waive fees for the use of the Community & Cultural Center as it would be contrary to the Council's cost recovery policy.

**FISCAL IMPACT:** Should the Council agree to co-sponsor the Centennial Morgan Hill Committee's three centennial events, \$10,000 should be appropriated from the unallocated general fund reserves to pay for the use of the Community & Cultural Center (in-kind services).



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: August 3, 2005***

**Agenda Item #4**

**Prepared By:**

**Deputy City Clerk**

**Approved By:**

**City Clerk**

**Submitted By:**

**City Manager**

### **ADOPT ORDINANCE NO. 1732, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN R-2/RPD ZONING AMENDMENT TO ESTABLISH A RESIDENTIAL PLANNED DEVELOPMENT OVERLAY ON A 10.44 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF EAST DUNNE AVENUE AND SAN BENANCIO WAY. (APNs 817-11-067 & 817-11-072)**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1732, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 27, 2005, the City Council Introduced Ordinance No. 1732, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

## **ORDINANCE NO. 1732, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN R-2/RPD ZONING AMENDMENT TO ESTABLISH A RESIDENTIAL PLANNED DEVELOPMENT OVERLAY ON A 10.44 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF EAST DUNNE AVENUE AND SAN BENANCIO WAY. (APNs 817-11-067 & 817-11-072)**

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.

**SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

**SECTION 3.** An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration will be filed.

**SECTION 4.** The City Council finds that the proposed R-2 RPD Overlay District is consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.

**SECTION 5.** The City Council hereby approves a precise development plan as contained in that certain series of documents dated June 9, 2005 (date of receipt by the Community Development Department) on file in the Community Development Department, entitled "Jasper Park: Site Development Plan" prepared by MH Engineering, and as amended as follows:

- (1) Internal roads shall be 40 feet curb to curb with a 52 foot right of way.
- (2) Increase the park area and park improvements in phase I (34 units) to a minimum of 1 acre, landscaped and containing at least one tot lot.

These documents, as further amended by site and architectural review, show the exact location and sizes of all lots in this development and the location and dimensions of all proposed buildings, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.

**SECTION 6.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 7. Effective Date Publication.** This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the 27<sup>th</sup> Day of July 2005, and was finally adopted at a regular meeting of said Council on the Day of August 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Irma Torrez, City Clerk

\_\_\_\_\_  
Dennis Kennedy, Mayor

**⌘ CERTIFICATE OF THE CITY CLERK ⌘**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1732, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of August 2005.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: August 3, 2005***

**Agenda Item #5**

**Prepared By:**

**Deputy City Clerk**

**Approved By:**

**City Clerk**

**Submitted By:**

**City Manager**

### **ADOPT ORDINANCE NO. 1733, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 04-09 FOR APPLICATION MP-02-06: EAST DUNNE - DEMPSEY & MP-04-12: EAST DUNNE - DELCO (APNs 817-11-067 & 817-11-072)**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1733, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 27, 2005, the City Council Introduced Ordinance No. 1733, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.

## **ORDINANCE NO. 1733, NEW SERIES**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 04-09 FOR APPLICATION MP-02-06: EAST DUNNE - DEMPSEY & MP-04-12: EAST DUNNE - DELCO (APNs 817-11-067 & 817-11-072)**

#### **THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1.** The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

**SECTION 2.** The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

**SECTION 3.** The Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded a total of 34 building allocations for the project as follows:

<b><u>Project</u></b>	<b><u>Total Dwelling Units</u></b>
<b>MP-02-06: E. DUNNE – DEMPSEY</b>	
FY 2005-06	8 allotments
FY 2006-07	13 allotments
<b>MC-04-12: E. DUNNE - DELCO</b>	
FY 2007-08	5 allotments
FY 2008-09	8 allotments

**SECTION 4.** References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

**SECTION 5.** The City Council hereby finds that the Residential Development Agreement and Development Proposal approved by this ordinance are compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

**SECTION 6.** Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

**SECTION 7.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 8.** Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the 27<sup>th</sup> Day of July 2005, and was finally adopted at a regular meeting of said Council on the Day of August 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
**Irma Torrez, City Clerk**

\_\_\_\_\_  
**Dennis Kennedy, Mayor**

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1733, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of August 2005.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: August 3, 2005***

**Agenda Item # 6**

**Prepared By:**

**Deputy City Clerk**

**Approved By:**

**City Clerk**

**Submitted By:**

**City Manager**

### **ADOPT ORDINANCE NO. 1734, NEW SERIES, AS AMENDED**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE MORGAN HILL MUNICIPAL CODE, CHAPTER 18.50 OFF-STREET PARKING AND PAVING STANDARDS, TO ESTABLISH EXEMPTIONS FOR DOWNTOWN DEVELOPMENT PROJECTS**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1734, New Series, as amended; and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 27, 2005, the City Council Introduced Ordinance No. 1734, New Series, as amended, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

Exemptions have no direct fiscal impact, but indirectly will place pressure on the City/RDA to improve public parking supply in the downtown area.



## **ORDINANCE NO. 1734, NEW SERIES**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE MORGAN HILL MUNICIPAL CODE, CHAPTER 18.50 OFF-STREET PARKING AND PAVING STANDARDS, TO ESTABLISH EXEMPTIONS FOR DOWNTOWN DEVELOPMENT PROJECTS**

**WHEREAS**, such request was considered by the Planning Commission at its regular meeting of December 14, 2004, June 28 & July 12, 2005, at which time the Planning Commission recommended approval of an amendment to the Morgan Hill Municipal Code by amending Chapter 18.50 Off-Street Parking and Paving Standards; and

**WHEREAS**, testimony received at a duly-noticed City Council public hearing held on July 27, 2005, along with exhibits and drawings and other materials have been considered in the review process.

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN:**

**SECTION 1.** The proposed amendment is consistent with the Zoning Ordinance and the General Plan.

**SECTION 2.** The zoning text amendment is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

**SECTION 3.** An environmental initial study has been prepared for this application, and has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. A mitigated Negative Declaration has been filed, which addressed the actions being taken to implement the Downtown Plan, including this zoning amendment.

**SECTION 4.** The City Council hereby adopts the following amendments to Chapter 18.50:

A. Section 18.50.025 (D) shall be added to read as follows:

D. On-site parking for residential to commercial conversion will be prohibited unless it is provided at the rear of the parcel and can be accessed from Main Avenue or Depot Street.

B. Section 18.50.027 shall be added to read as follows:

#### **18.50.027 Exemption for downtown projects allocated/reviewed by March 1, 2007**

For lots of record located within the Downtown Area Residential Density Control System (RDCS) Boundary area (as described by a map on file with the City Clerk), there shall be no requirement for provision of on-site parking for commercial/office uses. This exemption applies only to projects which receive site review approval or are awarded RDCS building allocations on or before March 1, 2007.

- C. The following statement shall be added to each of the Guest Parking provisions found under section 18.50.020 Number of Spaces—Schedule:

**18.50.020 Number of Spaces—Schedule**

The provision of guest parking is not required for proposed residential development within the Downtown Area Residential Density Control System (RDCS) Boundary area, as described by a map on file with the City Clerk.

**SECTION 5.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 6.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the 27<sup>th</sup> Day of July 2005, and was finally adopted at a regular meeting of said Council on the Day of August 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
**Irma Torrez, City Clerk**

\_\_\_\_\_  
**Dennis Kennedy, Mayor**

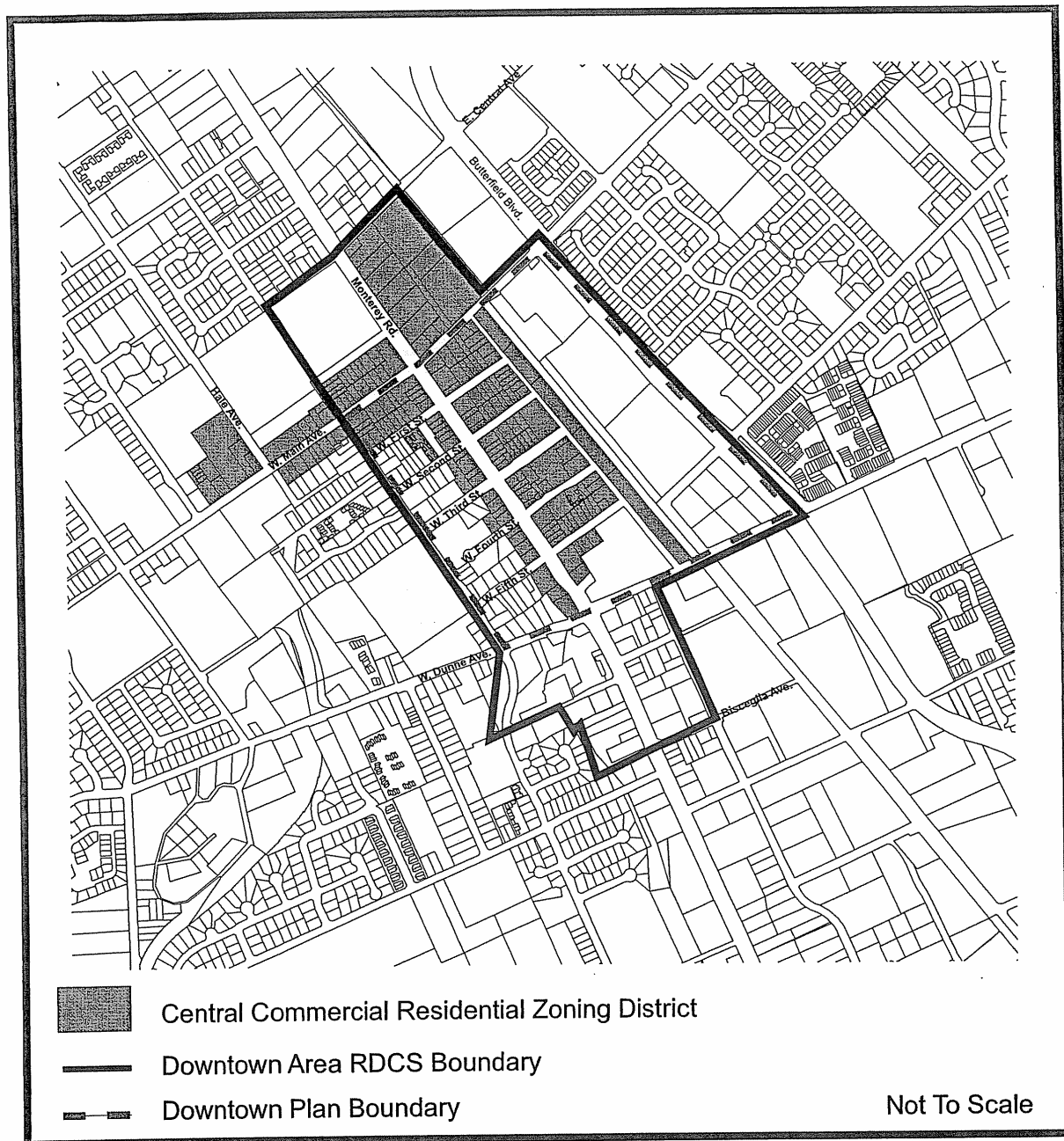
**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of August 2005.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE:\_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**



## EXHIBIT A



R:\Planning\Maps\Illustrator maps\Vicinity Maps\Misc\ downtown boundary map.pdf



## REDEVELOPMENT AGENCY STAFF REPORT

**MEETING DATE:** August 3, 2005

### **CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT MARKETING PLAN FOR FY05-06**

**Agenda Item # 7**

**Prepared By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

**RECOMMENDED ACTION(S):** Authorize the Executive Director to prepare and execute an agreement, in an amount not to exceed \$125,000, with the Morgan Hill Chamber of Commerce to implement their Economic Development Marketing Plan for FY05-06.

#### **EXECUTIVE SUMMARY:**

The Morgan Hill Chamber of Commerce (Chamber) has been providing supplementary economic development services to the City/Redevelopment Agency for over ten years. The Chamber believes that it can provide these supplementary services at less costs and more effectively than if the budget for city staff was increased by an equivalent amount. In December 2005, the Agency approved an agreement with the Chamber to provide economic development services per its Economic Development Marketing Plan (Plan). The Chamber's proposed Plan for FY05-06 continues the provision of economic development services at the same level of funding (\$125,000) as FY04-05. Attached is the Plan which also contains highlights of their achievements during this current fiscal year. The key services to be continued under the proposed FY05-06 Plan are as follows:

- Implement business retention and attraction programs
- Implement marketing/advertising strategy
- Develop and implement advertising campaign such as the "Shop in Morgan Hill" campaign
- Prepare and maintain marketing materials
- Plan and coordinate economic development related events (e.g., "business appreciation lunch")
- Maintain real estate property database on website
- Coordinate activities with the Morgan Hill Downtown Association
- Work with the tourism advisory committee and market/advertise special events

There are some changes in the type of services to be provided and in how the funds are to be allocated. Two of the new services proposed are that the Chamber will be 1) conducting an analysis to determine the needs of renewable resource companies in town and how best to nurture those industries and 2) evaluating strategies for regional economic development efforts in south county. With respect to funding, the Chamber is proposing to allocate \$24,000 for facility overhead costs and the Chamber would pay for facility rentals at the community center directly out of their budget. In FY04-05, the Chamber did not fund any staff or facility overhead out of the funding and facility rentals were paid for directly by the Agency which retained \$5,000 of the \$125,000 for such expenses.

Per the Agency's direction, the Council's Community & Economic Development Committee (C&ED) has met with the Chamber to discuss the Plan and is recommending approval. The Chamber indicated that a recent audit indicated that a substantial amount of staff time and facility resources are being used for economic development activities. Their request only covers the facility overhead costs. In addition, the Chamber states that the level of service would not be reduced as it has only spent about \$90,000 of the \$125,000 allocated for FY04-05. The Chamber will continue to provide quarterly reports on their activities including their progress on meeting performance measures. Under this contract, the Chamber will also continue to be compensated on a monthly basis.

**FISCAL IMPACT:** The BAHS FY05-06 economic development budget (Fund 317) allocates \$125,000 for this service.

**CITY OF MORGAN HILL  
JOINT SPECIAL AND REGULAR CITY COUNCIL  
AND SPECIAL REDEVELOPMENT AGENCY MEETING  
MINUTES – JULY 20, 2005**

**CALL TO ORDER**

Mayor/Chairman Kennedy called the special meeting to order at 6:02

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Sellers, Tate and Mayor/Chairman Kennedy  
Absent: Council/Agency Member Grzan

**DECLARATION OF POSTING OF AGENDA**

Office Assistant II Lewis certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

At the invitation of Mayor/Chairman Kennedy, Boy Scout Troop 730 led the Pledge of Allegiance.

**CITY COUNCIL REPORT**

Mayor Pro Tempore Tate indicated that he had the opportunity to sit in on the recent Youth Advisory Committee interviews. The committee currently exists of 9 full members and 9 associate members. He stated that only 4 incumbents remain on the committee.

Mayor Pro Tem Tate reported on his ongoing committee assignments, indicating that he serves on the Public Safety and Community Services Committee, and the Financial Policy Committee. During a recent meeting, the Public Safety and Community Services Committee discussed the Indoor Recreation Center operations and possible changes to the Aquatics Center programming. He stated that this Committee will soon begin to meet twice a month. He said that the Financial Policy Committee has agreed to add extra meetings in order to develop the "Year Long Conversation with the Community" program. The year long conversation will allow the Council to understand what services the community is willing to pay for. He stated that the Committee is currently going through the process of interviewing consultants who would help out with the process.

**CITY COUNCIL SUBCOMMITTEE REPORT**

Council Member Carr announced that the Public Safety and Community Services Committee is working on operational plans for the Aquatics Center, including off season and mid season changes. He indicated that staff did not recommend changes to the current summer program.

## **CITY MANAGER REPORT**

City Manager Tewes reported that there are upcoming items on the Council's July 27, 2005 meeting that have the potential for considerable community involvement. 1) The Parks and Recreation Commission and staff have reviewed options for the outdoor sports complex. A staff report will be prepared that will address the potential for a private or non profit group participation and that the Council should expect long conversations. 2) There will be four items on downtown issues; including downtown parking, zoning for the "Sunsweet" property, a request for financial support from the Downtown Association, and a committee recommendation on downtown housing.

## **CITY ATTORNEY REPORT**

Interim City Attorney Siegel stated there are no reports this evening.

## **OTHER REPORTS**

## **PUBLIC COMMENT**

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

## ***City Council Action***

## **OTHER BUSINESS:**

### **1. INTERVIEWS TO FILL VACANCIES ON THE ARCHITECTURAL REVIEW BOARD (ARB); LIBRARY, CULTURE & ARTS COMMISSION; MOBILE HOME RENT COMMISSION; AND PLANNING COMMISSION**

Mayor Kennedy addressed the interview process to be undertaken this evening, explaining that the Council will take 15 minutes to discuss the characteristics and traits they are looking for in candidates. He suggested that this discussion be split into two categories: a discussion of general characteristics for all commissioners; and a separate discussion for each commission. Following that, each candidate will be allowed a 3 minute opening statement, will answer one question from each Council member, and will be given 1 minute for a closing statement. This will be followed by Council discussion of the candidates and responses to questions. Each Council member will then fill out a recommended appointment sheet that will be submitted and tallied by City Clerk staff at the conclusion of the meeting. He will review Council members' recommendations and return with recommended appointments, subject to Council ratification.

Mayor Kennedy explained that the Planning Commission applicants have been invited to interview at 6:00 pm, and that the Library, ARB and Mobile Home Rent Commission applicants have been asked to arrive at 7:00 pm.

Council Member Sellers discussed the fact that only two commissions have more applicants than vacancies; inquiring whether there was anything that would preclude the Council from appointing all applicants to the other commissions, provided there are openings.

Mayor Kennedy explained that Council Member Grzan requested that all applicants be interviewed and complete the entire interview process.

Mayor Kennedy led the Council in a discussion on the characteristics and traits the Council is seeking in Planning Commission candidates.

Mayor Pro Tempore Tate expressed concern that a few commissioners wrote “incumbent” on their application and did not bother to fill out a new application. He suggested that the Council think about what that looks like to the public, and recommended that all applicants are asked to fill out an application if their previous application is more than a year old. He stated that he would consider incumbents seeking reappointment who are willing to update their application. He recommended that applicants have good listening skills.

Mayor Kennedy stated that Measure C is a time consuming process and that an applicant(s) should have some knowledge of Measure C and other planning issues. He explained that this is a very technical and time consuming process, and that he would like to know if an applicant has done their homework. He would like to make sure that the applicant knows what they are getting into as far as work load, etc.

Council Member Carr identified the qualities important for a planning commissioner. He felt that an individual needs to be able to work toward consensus and as advisors to the Council; not view themselves as a ‘mini City Council.’ He is not looking for individuals with technical background as much as an individual who is willing to roll up their sleeves and get the work done. He noted that the Council looks at the planning commission for assistance in the decision making process.

Council Member Sellers agreed with the comments made by his colleagues. Further, applicants should have a basic knowledge of planning issues and the City’s Residential Development Control System (Measure C). He stated that there are two other items he would like to see addressed. He felt that citizens coming before the Planning Commission are being disregarded, and their comments are not being given the weight they deserve. He did not know if this was attributed to commissioners becoming complacent and assuming what will be said by individuals coming before them. He said that just because an individual is an incumbent does not mean they are qualified for reappointment. He felt that the commission needs to be willing to work as a unified group and not pursue individual interests.

Mayor Kennedy reinforced that applicants must be good listeners and be able to give full attention to individuals that come before the commission. He stated that commissioners are an extension of the Council and need to bring neighborhood issues forward. They must also have a vision for the future of Morgan Hill.

Mayor Pro Tempore Tate felt that applicants should be familiar with the General Plan, and would like to know their opinions of the General Plan.

Mayor Kennedy requested that each Council Member prepare one or two questions for each applicant; asking all applicants the same question.

The Council conducted interviews for the Planning Commission. Candidates interviewed were Geno Acevedo, Kyle Baker, Robert Benich, Mike Davenport, and Mike Miramontes. Lee Schmidt was not present.

The Council entered into general discussion regarding the comments made by the applicants asking what they would like to see in the final decisions made by the Mayor.

Mayor Kennedy reiterated that it is important that candidates have knowledge and some background of the city, which shows that they have done their homework. He stated that he was impressed by individuals who have attended previous meetings or participated in Leadership Morgan Hill.

Council Member Carr addressed his question regarding the General Plan process. He explained that a lot of time has been spent drafting and redrafting the General Plan document each decade, and that there will always be changes to the General Plan. He further stated that there is a balance between changing and adhering to the General Plan.

Mayor Pro Tempore Tate asked what details the Council should be discussing. He felt the candidates were outstanding. The incumbents responded to questions and demonstrated that they merit reappointment to the Planning Commission. The new applicants showed they would bring new life and new ideas to the commission.

Council Member Sellers addressed his question regarding growth control and suburban sprawl. He stressed that the City must continue to look at why there has been no growth in the downtown.

Mayor Pro Tempore Tate felt that it was important that all applicants fill out applications.

Mayor Kennedy stressed that applicants should be involved in the community in a variety of ways: Pony Baseball, serving on other commissions such as the Architectural Review Board, and/or other affiliations. He indicated that candidates will be asked if they are interested/willing to serve on another board or commission if not successful with appointment to the Planning Commission. He informed the candidates that the process to be undertaken this evening is that the Council will provide the Mayor with their recommendations and the Mayor will return with recommended appointments next week for Council ratification.

Mayor Pro Tempore Tate informed the applicants that tenacity eventually pays off, indicating that it took him seven tries before being appointed to the Planning Commission.

The Council discussed the characteristics and traits it is looking for in candidates to serve on the Architectural Review Board; Library, Culture & Arts Commission; and Mobile Home Rent Commission.



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Mayor Pro Tempore Tate noted that the Library Commission has expanded to include culture and arts and that the Council should look for individuals who can assist in these new areas.

Council Member Sellers stated that he would like to see the Library Commission focus on funding partnerships and have a greater role in this with the construction of the new library.

Council Member Carr stated he would like to see the Library Commission move away from discussions of the actual buildings, and place more emphasis on how they can interact with the schools and provide services.

Mayor Kennedy clarified that the arts would include the performing arts and permanent structures.

The Council interviewed Sylvia Cook, applicant for the Library, Culture & Arts Commission.

The Council conducted interviews to fill vacancies on the Mobile Home Rent Commission. Candidates interviewed were Swanee Edwards, Eric Gould, and Gloria Subocz for the ‘at large’ position, and Robert Koehler for the ‘owner representative’ position.

Mayor Kennedy indicated that the Mobile Home Rent Commission makes decisions that are quasi-judicial regarding disputes arising from the City’s mobile home rent control ordinance. Oftentimes, these decisions are independent of the actions taken by the City Council. He felt that candidates should possess a good perspective and be able to balance the facts.

James Fruit, Rod Martin, and Jerry Pyle were identified as incumbents for the Architectural Review Board. Planning Manager Jim Rowe reported that Jerry Pyle was unable to interview this evening, but that he is still very interested in reappointment. Mr. Fruit and Mr. Martin were not present.

Mayor Kennedy thanked all the applicants for participating in the interview process. He stated that he would take the recommendations of the Council Members under advisement in determining his recommendations for appointment. He will return to the Council with his recommended appointments on July 27, 2005 for Council ratification.

Council Member Carr discussed the lack of applicants and the make-up of ARB members. He expressed concern that the seats are very specific and suggested that the seats be made multi purpose in order to be able to fill vacancies.

Mayor Kennedy requested that this issue be agendaized for future Council discussion.

## ***City Council Action***

### **CONSENT CALENDAR:**

Mayor Kennedy requested that item 2 be removed from the consent calendar.

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Council Member Grzan absent, **Approved** Consent Calendar Items 3-7, as follows:*

3. **INDOOR RECREATION CENTER PROJECT – JUNE CONSTRUCTION PROGRESS REPORT**

**Action:** ***Information** Only.*

4. **ACCEPTANCE OF THE INTERIM OVERFLOW PARKING LOT PROJECT AT THE AQUATICS CENTER**

**Action:** *1) **Accepted** as Complete the Interim Overflow Parking Lot Project at the Aquatics Center in the Final Amount of \$53,321.84; and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

5. **APPROVAL OF GRANT AGREEMENT WITH SANTA CLARA VALLEY WATER DISTRICT TO ASSIST WITH CITY'S STORM WATER QUALITY PUBLIC OUTREACH PROGRAM**

**Action:** ***Authorized** the City Manager, Subject to City Attorney Review, to Execute a Grant Agreement with the Santa Clara Valley Water District to Provide \$32,000 to the City in Support of Storm Water Quality Public Outreach Efforts.*

6. **RESIGNATION OF A LIBRARY, CULTURE & ARTS COMMISSIONER**

**Action:** *1) **Accepted** Bert Berson's Resignation from the Library, Culture and Arts Commission; and 2) **Directed** the City Clerk to Commence Recruitment Efforts to Fill the Vacancy.*

7. **ADOPT ORDINANCE NO. 1731, NEW SERIES**

**Action:** ***Waived** the Reading, and **Adopted** Ordinance No. 1731, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING ARTICLES II AND III, THE STANDARDS AND CRITERIA AND PROCEDURES OF THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM AS SET FORTH IN CHAPTER 18.78 OF THE MORGAN HILL MUNICIPAL CODE.***

2. **FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT – ABANDONMENT OF PROCEEDINGS TO INCREASE ASSESSMENTS PURSUANT TO PROPOSITION 218 Resolution Nos. 5922 through 5932**

Mayor Kennedy stepped down from the Dias due to conflict.

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council, on a 3-0 vote with Mayor Kennedy and Council Member Grzan absent, **Adopted** Resolution Nos. 5922, 5923, 5924, 5925, 5926, 5927, 5928, 5929, 5930, 5931, and 5932; Levying Assessments at the Previously Authorized Fiscal Year 2004-2005 Rate.*

## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

**Action:** *On a motion by Mayor Pro Tempore/Vice-chairman Tate and seconded by Council/Agency Member Sellers, the City Council/Agency Board, on a 4-0 vote, with Council Member Grzan absent, **Approved** Consent Calendar Item 8 as follows:*

8. **SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF JULY 6, 2005**

**Action:** **Approved** the minutes as submitted.

### **FUTURE COUNCIL-INITIATED AGENDA ITEMS**

Mayor Pro Tempore Tate stated that he would like to formalize the interview process to assure that all applicants submit completed applications, if the application is older than one year.

Mayor Kennedy supported Council Member Carr's recommendation to discuss the ARB make up at a future meeting.

Council Member Sellers expressed concern that the Council did not have the opportunity to discuss the Aquatics Foundation's upcoming event. He would like to see discussion regarding how the Foundation is conducting itself, continued City sponsorship, and naming the Foundation after one of the City's facilities.

Mayor Kennedy suggested Council Member Sellers discuss this concern with City Manager Tewes.

## ***City Council and Redevelopment Agency Action***

### **CLOSED SESSIONS:**

Interim City Attorney/Agency Counsel Siegel announced the below listed closed session items:

1.

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Authority:	Government Code Sections 54956.9(b) & (c)
Number of Potential Cases:	1

2.

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**

Authority:	Pursuant to Government Code 54956.9(a)
Case Name:	City of Morgan Hill v. Hernandez
Case Number:	Santa Clara County Superior Court, Case No. 1-04-CV-020063
Attendees:	City Manager, Interim City Attorney, and Attorney Gale Connor

**3.**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Authority	Government Code 54957
Public Employee Performance Evaluation:	City Manager
Attendees:	City Council, City Manager

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 8:30 pm.

**RECONVENE**

Mayor/Chairman Kennedy reconvened the meeting at 9:18 p.m.

**CLOSED SESSION ANNOUNCEMENT**

Mayor/Chairman Kennedy announced that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 9:20 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**LISA LEWIS, OFFICE ASSISTANT II**



**CITY COUNCIL STAFF REPORT**  
**MEETING DATE: August 3, 2005**

**Agenda Item #9**

**Prepared By:**

**Community  
Development  
Director**

**Submitted By:**

**City Manager**

**GENERAL PLAN AMENDMENT AND ZONING AMENDMENT:  
GPA-04-07 AND ZA-04-14 FOR SUNSWEET OPPORTUNITY  
SITE, TO ESTABLISH DENSITY OF 25-40 UNITS PER ACRE  
AND PLANNED UNIT DEVELOPMENT ZONING AND DESIGN  
GUIDELINES, TO IMPLEMENT THE DOWNTOWN PLAN**

**RECOMMENDED ACTIONS:**

1. Open/Close the Public Hearing
2. Adopt Resolution Amending the General Plan
3. Waive the first and second reading of the Ordinance
4. Introduce Ordinance (roll call vote)

**EXECUTIVE SUMMARY:**

The attached Resolution amending the General Plan establishes a density range of 25-40 units for the area identified by the Downtown Plan as the "Sunsweet Opportunity Site", shown by the exhibit attached to this staff report. The General Plan Amendment also provides that the Sunsweet Site shall be designed as a single Planned Unit Development, showing relationship between development and parking areas.

The attached Ordinance establishes the allowable uses, development standards and design guidelines that apply to development projects within the PUD. In order to ensure an active, pedestrian-friendly relationship to Third Street, the PUD would allow for only 25% of the ground floor leasable area along the Third Street frontage to be used for offices or personal service uses without a conditional use permit. Uses that would exceed the 25% frontage limitation would be required to obtain a Conditional Use Permit so that the City could closely review whether the proposed use was consistent with Downtown Plan goals for Third Street.

Zoning standards established by the PUD include a density range of 25 to 40 units per net acre, a maximum height of 48 feet, and a requirement that a minimum of 10,000 square feet of commercial uses be provided within the ground floor frontage along Third Street. The remaining text of the PUD establishes design guidelines for development within the PUD, addressing general design guidelines as well as guidelines for building design along the Third Street, Depot Street, and Fourth Street frontages; and for parking and circulation.

On July 26, 2005 the Planning Commission voted unanimously to recommend that the City Council approve the proposed General Plan Amendment and PUD zoning for the Sunsweet Opportunity Site.

**FISCAL/RESOURCE IMPACT:** None.

## **RESOLUTION NO.**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL RECOMMENDING APPROVAL OF THE GENERAL PLAN TEXT AMENDMENT TO ESTABLISH A 25-40 UNITS PER ACRE DENSITY RANGE AND PUD DESIGN PARAMETERS FOR THE SUNSWEET OPPORTUNITY SITE**

**WHEREAS**, such request was considered by the Planning Commission at its regular meeting of December 14, 2004, July 12, 2005 and July 26, 2005, at which time the Planning Commission recommended approval of application GPA-04-07: City of Morgan Hill-Downtown Plan (Sunsweet Opportunity Site); and

**WHEREAS**, testimony received at a duly-noticed City Council public hearing held on August 3, 2005, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** The proposed General Plan amendment is consistent with the General Plan, Downtown plan and Chapter 18.78 of the zoning code.

**SECTION 2.** An environmental initial study has been prepared for this application, and has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. A mitigated Negative Declaration has been filed, which addressed the actions being taken to implement the Downtown Plan, including this General Plan text amendment.

**SECTION 3.** The City Council recommends that the text of the 2001 General Plan be amended to include the following paragraph within the Mixed Use Residential Land Use Designation section (page 16) of the Community Development Chapter of the General Plan.

*The "Sunsweet Opportunity Site" which encompasses APN's 726-13-032, 033, 034, 041, 042, 043 & 044 shall be designed as a single Planned Unit Development, showing relationship between development and parking areas, with development to occur at a density of 25-40 dwelling units per net acre for the area within a mixed use project site (exclusive of APNs 726-13-034 and 726-13-034).*

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the 3<sup>rd</sup> Day of August, 2005 by the following vote.

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>

**🏛️ CERTIFICATION 🏛️**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,**  
do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City  
Council at a Regular Meeting held on August 3, 2005.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

## **ORDINANCE NO.**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE ZONING ON SEVEN PARCELS FROM CENTRAL COMMERCIAL RESIDENTIAL CC-R, TO PLANNED UNIT DEVELOPMENT PUD, BRINGING THE PARCELS INTO CONFORMANCE WITH THE DOWNTOWN PLAN AND THE GENERAL PLAN (APNs 726-13-032, 033, 034, 041, 042, 043, 044)**

**WHEREAS**, such request was considered by the Planning Commission at its regular meeting of December 14, 2004, July 12, 2005 and July 26, 2005, at which time the Planning Commission recommended approval of application ZA-04-14: City of Morgan Hill Downtown Plan (Sunsweet Opportunity Site); and

**WHEREAS**, testimony received at a duly-noticed City Council public hearing held on August 3, 2005, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES HEREBY ORDAIN:**

**SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance, Downtown Plan and the General Plan.

**SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

**SECTION 3.** An environmental initial study has been prepared for this application, and has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. A mitigated Negative Declaration has been filed, which addressed the actions being taken to implement the Downtown Plan, including this zoning amendment.

**SECTION 4.** The City Council hereby approved the zoning amendment and adopts a Planned Unit Development (PUD) zoning district designation for the Sunsweet Opportunity Site, defined as APNs 726-13-032, -033, -034, -041, -042, -043, and -044.

**SECTION 5.** The City Council hereby adopts the PUD zoning district text applicable to the Sunsweet Opportunity Site, consisting of the development standards and design guidelines contained in the attached Exhibit "A", which by this reference is incorporated herein.

**SECTION 6.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

**SECTION 7.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.



The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 3<sup>rd</sup> Day of August 2005, and was finally adopted at a regular meeting of said Council on the Day of September 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
**Irma Torrez, City Clerk**

\_\_\_\_\_  
**Dennis Kennedy, Mayor**

**∞ CERTIFICATE OF THE CITY CLERK ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of September 2005.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE:\_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

## **EXHIBIT A**

### **Planned Unit Development (PUD) zoning: “SUNSWEET OPPORTUNITY SITE”**

#### **Area:**

The area included within the PUD boundaries includes Assessor Parcel Numbers 726-13-032, 033, 034, 041, 042, 043, and 044.

#### **Objective:**

The Sunsweet site is a key opportunity site for implementation of the Downtown Plan. Planning and development of this PUD shall occur in a manner which recognizes its prominent location. Prior to any development within the PUD, a precise development plan shall be approved by the City consistent with the provisions of Municipal Code Chapter 18.30 PUD Planned Unit Development. Development within this PUD shall occur in a manner that complies with the spirit, guidelines and standards contained with Morgan Hill Downtown Plan as amended. As such, the allowable uses, density and maximum height provisions of this PUD shall be considered zoning standards, but the development and design standards of this PUD shall be considered design guidelines, in order to allow for design flexibility and final establishment through the precise development plan and architectural and site review processes.

#### **Permitted uses for parcels within the PUD fronting on Third Street.**

The following uses shall be permitted in the PUD for parcels fronting on Third Street:

- A. Retail Stores;
- B. Restaurants;
- C. Financial Services;
- D. Nightclubs, theaters and bars;
- E. Commercial indoor recreation uses 3,000 sq. ft. or less in area;
- F. Entries to second and third floor spaces;
- G. Up to 25% of ground floor frontage leasable area of a development project (and excluding the frontage of APN 726-13-032), for offices and/or personal service uses.

#### **Conditional uses for parcels within the PUD fronting on Third Street.**

The following uses may be conditionally allowed in the PUD on parcels fronting on Third Street, subject to issuance of a conditional use permit in accordance with Chapter 18.54 of this title:

- A. Ground floor frontage space that exceeds 25% of ground floor frontage leasable area of a development project (exclusive of the frontage of APN 726-13-032), for office and/or personal service uses.

**Permitted uses for second story or above locations for parcels fronting on Third Street.**

The following uses in the PUD district shall be permitted in second story (or above) locations for parcels fronting on Third Street:

- A. Single-family attached, duplex and multifamily dwellings;
- B. Personal Services;
- C. Offices;
- D. Small Family Day Care.

**Conditional uses for second story or above location for parcels fronting on Third Street:**

The following uses in the PUD district shall be conditional in second story (or above) locations for parcels fronting on Third Street:

- A. Medical Offices
- B. Schools

**Permitted uses for parcels not fronting on Third Street:**

The following uses in the PUD shall be permitted for parcels not fronting on Third Street:

- A. Single-family attached, duplex and multifamily dwellings.

**Residential Development Density:** Density shall be a minimum of 25 units per net acre and a maximum of 40 dwelling units per net acre for area included in a development project, with density calculated on the area of the PUD that does not include APNs 726-13-041 and 726-13-034.

**Maximum Height:** 48 feet.

**Minimum Ground Floor Frontage Commercial/Non-Residential Square Footage :**  
A minimum of 10,000 square feet of ground floor frontage leasable area shall be provided along the Third Street frontage of the PUD, excluding the frontage of APN 726-13-41.

**Development Guidelines for Third Street Frontage:**

**Building Design**

- A. Development facing onto Third Street should be a minimum of two stories in height. If a third story is provided along this frontage it should be carefully designed to achieve an appropriate transition and relationship to neighboring uses, such as by stepping back the third story, alternating wall planes, placing balconies to present a human scale, and/or using a roof type that provides desired scale and massing.

- B. Development facing onto Third Street should be at a zero front setback adjacent to the Third Street promenade.
- C. Development along Third Street is encouraged to provide a continuous façade with a consistent level of architectural design.
- D. Ground floor development along Third Street should be designed to accommodate retail and restaurant uses, with transparent storefront façades, relationship to outdoor seating, high ceilings, and pedestrian-friendly design strongly encouraged.
- E. Only one vehicle entrance to parking area should be allowed on Third Street.
- F. Pedestrian access should be designed between parking lot areas and Third Street.

**Development Guidelines for Depot Street Frontage:**

**Building Design:**

- A. Development facing onto to Depot Street should be a maximum of three stories in height (48 feet).
- B. Development facing onto Depot Street should be set back an average of 5 feet to the property line, to achieve a pedestrian-friendly and interesting streetscape, with a strong relationship to Depot Street.
- C. Development facing onto Depot Street should have entrances oriented to the street.

**Development Guidelines for the Fourth Street Frontage:**

**Building Design:**

- A. Development facing onto Fourth Street should be a maximum of two and one-half stories in height.
- B. Development facing onto Fourth Street should be set back a minimum of 15 feet, to achieve compatibility with development on the south side of Fourth Street.
- C. Development facing onto Fourth Street should have entrances oriented to the street.

**General Design Guidelines:**

The following standards provide guidance throughout the PUD.

- A. Blank walls greater than ten feet in length should be avoided.
- B. Bay windows and balconies may encroach into the public right-of-way up to three feet along approximately twenty-five percent of the street frontage.

- C. Entries should be distinctive and well-defined, with elements such as attractive doorways and sidelights, awnings, carriage lights, planters with flowers, and appropriate signage.
- D. Second stories or above should be designed with a distinctive character and design elements such as bay windows, projecting balconies with landscaping and French doors, and awnings over windows.
- E. Window proportions on upper levels are encouraged to be generally smaller than ground floor windows, and vertical in proportion.
- F. Window types and proportions should be complementary to the architecture and design of the façade.
- G. Operable windows within restaurant facades are highly encouraged.
- H. Ground floor windows should generally reflect traditional store front windows, with proportions that are horizontal or approximately square.
- I. Tinted or reflective window glass should be avoided.
- J. Building designs consistent with this section of this PUD as determined through architectural and site approval shall be deemed consistent with the Downtown Plan.

**Parking and Circulation Guidelines:**

- A. A parking lot for public use should be designed and provided on the western portion of the PUD behind parcels fronting on Monterey Road.
- B. Major parking lot entrances should be oriented to Depot Street.
- C. Minor parking lot entrances should be oriented to Fourth Street.
- D. Only one vehicle entrance to parking area should be allowed on Third Street.
- E. Pedestrian access should be provided between parking lot areas and Third Street.
- F. Parking for residential development within the PUD should be consistent with Chapter 18.50 of the Municipal Code.
- G. Parking required for commercial development should be consistent with Chapter 18.50 of the Municipal Code.
- H. Vehicular and pedestrian easements should be established between all parcels within the PUD.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: August 3, 2005***

### **SOUTH COUNTY AIR QUALITY ISSUES**

#### **RECOMMENDED ACTION(S):**

Accept the report

**EXECUTIVE SUMMARY:** Given the recent news stories about the air quality of the South Valley area and the start up of the Metcalf Energy Center, the Council's Utilities and Environment Subcommittee asked staff to invite a representative of the Bay Area Air Quality Management District to give a presentation to the full Council.

Dennis Jang, Senior Air Quality Engineer, from the District will be presenting information relating both to South Valley air quality and the monitoring associated with the Metcalf Energy Center.

**FISCAL IMPACT:** No budget adjustment is requested at this time.

**Agenda Item # 10**

**Prepared By:**

**Program Administrator**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *August 3, 2005*

### **MORGAN HILL LIBRARY APPROVAL OF DESIGN DEVELOPMENT**

**RECOMMENDED ACTION(S):** 1) Approve Design Development Drawings for the Library and 2) Authorize Staff to proceed with the Construction Document Phase of the design process.

#### **EXECUTIVE SUMMARY:**

At the May 4, 2005 meeting, Council approved the schematic design for The New Morgan Hill Library. Council did recommend that some elements of the design be addressed during Design Development (DD). Council's comments centered around 1) the book drop design and location, 2) use of drought tolerant native CA planting in the landscape design, 3) providing a warm reading area with a fireplace and 4) adding architectural elements that could make the children's area quieter.

Over the past three months the architects Noll & Tam (N&T), construction management firm, city staff with library staff have collaborated to address Council's comments. Comment 1) N&T has investigated several options for the book drop. The current drawings relocate the book drop parking closer and in direct view of the drop off. The book drop is also extended out to the face of the curved plaza wall and is provided with an overhang, lighting and signage to be highly visible. Library staff is satisfied with the current solution of the book drop design. Comment 2) our landscape architects are proceeding with specifying drought tolerant native CA planting where appropriate. Comment 3) the current design does not include a fireplace in the reading area. Library staff has discouraged including a fireplace because of operational concerns. Comment 4) a wall has been included to separate the children's area from the adult reading area in order to provide some acoustic separation between the two rooms.

The DD drawings were presented to the Architectural Review Board (ARB) at their July 7 meeting for preliminary review. ARB commented that the building has interesting forms and liked the use of different materials adjacent to each other to accent those forms. ARB did comment that they liked the design. The DD will be presented to Library Commission on August 1 and their comments will be presented at the Council Meeting. Staff requires Council's approval for DD relative to the exterior design, proposed site plan and floor plan. Exhibit A, B, C & D depict the proposed design for the site, floor plan and exterior concept. Council's approval will allow the project to proceed on schedule into Construction Documents over the next four months.

Attached as Exhibit E is a Design Development Cost Estimate prepared by TBI Construction and Construction Management. The summary on page 1 shows the project is estimated to be on budget at this phase of project development. Construction costs for the building are projected to be \$ 324 per square foot. Public Art is not included within this budget, but there have been discussions to include public art in the Civic Center Plaza. Staff will return to Council in September with a concept and recommendations regarding Morgan Hill historical art columns and sister city public information to be included on the Civic Center Plaza.

The next step in the Design Process is to proceed into Construction Documents returning to Council in December of 2005 for approval prior to proceeding with bidding the project. Bid openings are scheduled for January 27, 2006. Construction is scheduled to begin March 13, 2006 and complete by May 1, 2007 at which time the library staff could start moving to the new location.

**FISCAL IMPACT:** No additional fiscal impact at this time.

**Agenda Item #11**

**Prepared By:**

**Sr. Project Manager**

**Approved By:**

**Special Assistant to  
the City Manager  
Submitted By:**

**City Manager**



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** August 3, 2005

**Agenda Item # 12**

**Prepared By:**

**Acting Recreation &  
Community Svc. Mgr.**

**Submitted By:**

**City Manager**

### **SWIM TEAM LANE ASSIGNMENT POLICY FOR THE 50 METER POOL AT THE MORGAN HILL AQUATICS CENTER**

#### **RECOMMENDED ACTION:**

1. **Accept** Parks and Recreation Commission's recommendation for lane allocation at the Aquatics Center.

#### **EXECUTIVE SUMMARY:**

Establishing acceptable lane assignments for competitive swim team practice at the 50-meter pool has been challenging. Staff efforts to negotiate a distribution of lanes acceptable to both the Morgan Hill Swim Club (Makos) and Silicon Valley Aquatics Association (El Toro Aquatics) ultimately proved unsuccessful.

At the February 2, 2005 City Council meeting, staff proposed a lottery system for assigning lanes. The Council did not endorse this approach, and instead charged the Parks and Recreation Commission with recommending a lane assignment policy to the City Council. The Council supported continuing the current lane split, with ten lanes being used by Makos and three lanes being used by El Toro Aquatics, until August 2005.

On July 19, 2005, the Parks and Recreation Commission made the following recommendation to the City Council on lane assignments for the competition pool.

*The Morgan Hill Swim Club (Makos) shall swim at the Aquatics Center and Silicon Valley Aquatics Association (El Toro Aquatics) shall swim at Sobrato High School, with El Toro Aquatics using the Aquatics Center as needed September through January and June through August (long course in the morning).*

*Use of lanes in those months will be determined by Makos working in conjunction with the City to ensure El Toro Aquatics has fair use. Scheduling will be prioritized for City programs first and the City will have final say in scheduling.*

*The Parks and Recreation Commission further recommends that the City explore development of a municipal swim team and report back to the PRC for further consideration. These assignments will stand until further recommendation by PRC.*

At this time, staff believes that El Toro Aquatics' intent is still to use the pool at Sobrato High School, pending development of a facility rental agreement. The proposed operating plan for the Morgan Hill Aquatics Center complies with the Parks and Recreation Commission's recommendation.

**FISCAL IMPACT:** None.





## **CITY COUNCIL STAFF REPORT**

**MEETING DATE: August 3, 2005**

### **2005/06 OPERATING PLAN FOR THE MORGAN HILL AQUATICS CENTER**

#### **RECOMMENDED ACTION:**

- 1. Accept** proposed operating plan and related recommendations
- 2. Direct staff** to report monthly on the Aquatics Center's financial status throughout 2005/06 and identify corrective action if needed

#### **EXECUTIVE SUMMARY:**

The Aquatics Center did not meet the 100% cost recovery goals established for FY 2004/05. With year-end analysis nearly complete, staff believe that the final calculations will show an operating loss of approximately \$358,000 for that fiscal year. Though total expenditures did not exceed the budget, the established revenue goals were not met. This will result in a cost recovery rate of 74% for the first full year of operations.

Staff have analyzed the adopted budget for fiscal year 2005/06 and established an operating plan which would result in an operating loss for 2005/06 of \$121,000, with a cost recovery rate of 91%, slightly better than the budgeted operating loss of \$135,000, a cost recovery rate of 90%. This plan would require expenditures levels that are \$11,000 higher than the budget while increasing projected revenue by \$25,000.

The proposed Aquatics Center Operating Plan, included as Attachment A, relies on several elements:

- Water aerobics, private swim lessons, and a non-competitive swim class for youth in fall and late spring. It does not include recreational swim after Labor Day and before Memorial Day.
- Masters swimming weekday mornings and evenings year-round (except for City holidays and facility closures).
- Competition pool rental by the Morgan Hill Swim Club for swim team and water polo practice year round (space for Silicon Valley Aquatics Association to be made available as needed).
- Facility rental for four swim meets between October 2005 and April 2006.

The proposed City programming builds on existing programs. Staff believe that the revenue estimates associated with these programs, which are based on minimum enrollments, are achievable. Timely marketing of these program offerings is essential, and staff are prepared to commence marketing immediately if the Council adopts the proposed operating plan. The plan does not require a rate increase, though staff recommend evaluating such an increase for the 2006 summer season in order to enhance cost recovery in the future. As an alternative, staff analyzed the financial impact of closing the Aquatics Center from September through April 2006, with pre-season programming beginning in May. Due to the ongoing operational costs associated with the Center, including minimal treatment and water circulation at the pools and ongoing staffing, and the lack of any revenue in these months, this approach results in a greater-than-budgeted operating loss of \$264,000, a cost recovery rate of 79%. As a result, this approach is not recommended.

#### **FISCAL IMPACT:**

If the Council endorses the proposed operating plan, a budget adjustment may be required at mid-year to account for an \$11,000 expected increase in expenditures and a \$40,000 increase in revenue.

**Agenda Item # 13**

**Prepared By:**

**Acting Recreation and  
Community Svc. Mgr.**

**Submitted By:**

**City Manager**

**A. PROPOSED OPERATING PLAN SUMMARY**

The adopted 2005/06 Aquatics Center operating budget established a 90% cost recovery level for the Aquatics Center for the current fiscal year. In the budget process, staff committed to returning to the Council in the summer with an operating plan for the “off season,” between September and May.

Staff have evaluated projected 2005/06 expenditures and revenues against the adopted budget, and considered two options:

- Option A: closing the Aquatics Center entirely beginning on September 6, 2005, with programming starting up again in May 2006
- Option B: remaining open year round, offering City-sponsored classes, lessons and Masters swimming, as well as swim team and water polo practice, weekdays between September and May. This option does not include recreational swimming after Labor Day or before Memorial Day.

As shown below, Option A does not meet the established 90% cost recovery goal for 2005/06. Option B would achieve a 91% cost recovery for the fiscal year. Staff recommends that the Council endorse Option B, which is described in detail in the following sections.

**OPERATING MARGIN SUMMARY UNDER EACH SCENARIO**

	<b>2005/06 Adopted Budget</b>	<b>OPTION A Facility Closure September - April</b>	<b>OPTION B Facility Open Year Round*</b>
<b>Revenue</b>	\$ 1,268,900	\$ 970,529	\$ 1,293,599
<b>Expenditures</b>	\$ 1,403,838	\$ 1,234,218	\$ 1,414,454
<b>Operating Margin</b>	\$ (134,938)	\$ (263,689)	\$ (120,856)
<b>Cost Recovery</b>	90%	79%	91%

*\* In this model, recreation swimming would end at Labor Day and begin again with pre-season hours Memorial Day weekend 2006. Classes, lessons, Masters swimming, swim team practice and water polo practice would occur weekdays between September and May.*

Section B of this report provides details on the Proposed Aquatics Center 2005/06 Operating Plan. In addition, the following analyses and background materials are provided for the Council’s consideration:

- Section C: Analysis of Aquatics Center’s 2004/05 year end status
- Section D: Analysis of Aquatics Center’s 2005/06 budget

- Section E: Discussion of management systems required to support effective management and timely reporting of the Center's financial performance over the course of the season
- Section F: Evaluation of the marketing program and impact of recent capital improvements at the Aquatics Center
- Section G: Summary of staff recommendations for improving the financial performance of the Aquatics Center
- Section H: Memorandum on Aquatics Center operational budget history

**B. PROPOSED OPERATING PLAN DETAILS**

**Proposed Programming for September 2005– June 2006**

Staff propose keeping the competition pool open on weekdays through the off season for Masters swimming, City classes, swim team practice, and water polo practice. The instructional pool would be used through mid-November and again beginning in March for City classes and private lessons. The schedule for each activity is listed below. The facility would be closed on City holidays and over the holiday furlough. Concessions and retail activity would be associated only with meets hosted at the Aquatics Center. Charts with detailed budget information associated with Options A and B are provided as Attachment B.

**Proposed Pool Use Schedule September 2005-May 2006**

**Competition Pool**

Masters	M-F	5 - 8 a.m.	Sept. - May (38 weeks)
Masters	M-F	5 - 7 p.m.	Sept. - May (38 weeks)
City Program (Deep H2O)	M-Th	5:45-6:45 p.m.	Sept. 12 - Nov. 18 (10 weeks)
			March 20 - May 26 (10 weeks)
MH Swim Club	M - F	5 - 7 a.m.	Sept. - May (38 weeks)
	M - F	(or 6-8 a.m.) 3 - 7 p.m.	Sept. - May (38 weeks)
Water Polo – Women and Masters	T / Th	7-8:30 p.m.	Sept-Nov. (13 weeks)
Water Polo – Women, Masters, Mens	T, W, Th	7-8:30 p.m.	Mid-Jan - Mid-April (13 weeks)

**Instructional Pool**

City Program (Shallow Tone)	M-F	8 -9 a.m.	Sept. 12 - Nov. 18 March 20 - May 26
City Program (Fun 'n' Fit)	M-Th	4 - 5 p.m.	September, October, April, May
Private lessons	M-Th	9 - 10 a.m.	Sept. 12 - Nov. 19, May & June
Private lessons	M-Th	4 - 6:30 p.m.	Sept. 12 - Nov. 19, May & June

The revenue associated with the programming above is summarized in the following chart. Ongoing full time staff are expected to teach the Fitness Classes, so those classes can be offered without an additional instructional cost. The proposal includes ticketing staff from September through June to register participants for activities, and to serve as a second staff person on site, in addition to a coach, in the early mornings and evenings when Masters swimming occurs.

<b>Staffing Expenses And Projected Revenue Associated With City Programming September 2005 – May 2006</b>			
	<b>Expenses</b>	<b>Minimum Income</b>	<b>Maximum Income</b>
1. Ticketing Staff	\$ 15,366	\$ -	
2. Masters Swim (through June)	\$ 15,750	\$ 33,750	\$ 33,750
3. Fitness Classes			
Shallow Tone	\$ -	\$ 3,500	\$ 8,750
Deep H2O			
Dynamics	\$ -	\$ 2,800	\$ 7,000
Fun 'n' Fit	\$ 975	\$ 1,760	\$ 5,500
<i>Subtotal</i>	\$ 975	\$ 8,060	\$ 21,250
4. Private Lessons (through June)	\$ 2,160	\$ 14,190	\$ 14,190
<i>Total</i>	<b>\$ 34,251</b>	<b><u>\$ 56,000</u></b>	<b><u>\$ 69,190</u></b>
<b>Operating margin</b>		<b><u>\$ 21,749</u></b>	<b><u>\$ 34,939</u></b>

The revenue calculations included in the operating plan are based on minimum enrollment only. Greater revenue will accrue if larger classes occur, and if non-residents register for classes, at a higher fee than residents. In addition, if enrollment is sufficient, additional water aerobics classes can be added for a 10-week session January 9 – March 17, and private lessons could be added for the month of April. However, since those months can have especially variable weather which could affect enrollment, classes and lessons in these time frames have not been included at this time. They could be added easily mid-year.

The plan changes the programming model from the summer 2005 season for water aerobics classes and lap swimming in order to maximize revenue. While current customers can take up to 64 water aerobics classes on a \$45 monthly pass, for the proposed operating plan, water aerobics would be offered as a class, three times a week for 10 weeks, at a cost of \$105. As with other Recreation offerings, the class would have set minimum enrollment to ensure costs are met.

In addition, lap swimming activity would be channeled entirely into the Master swimming program. This program provides liability insurance for participants and reduces the staffing levels required when masters swimming occurs.

The table below summarizes the proposed program offerings for fall 2004 to fall 2005.

Fall 2004	Proposed for Fall 2005
Recreational Swim M/W/F 4:00-7:00 p.m. Sat-Sun 12-6 p.m.	No Recreational Swim
Group Lessons	Private Lessons
Lap Swim M-F 5:30-9:30 a.m., 11:30 a.m.-1:30 p.m., 4:00-7:30 p.m.	Lap Swim w/Masters Pass only 5 – 8 a.m., 5 – 7 p.m.
Masters Swim w/Monthly Pass	Masters Swim w/Monthly Pass
Water Exercise/Aerobics w/Monthly Pass	Water Exercise/Aerobics w/ Defined Fee, Days and Time

### Swim Team Practice: Lane Allocation and Pricing

The proposed operating plan includes competition pool rental for swim team practice on week days year round, except for City holidays and facility closures. On July 19, 2005, the Parks and Recreation Commission made the following recommendation to the City Council on lane assignments for the competition pool.

*The Morgan Hill Swim Club (Makos) shall swim at the Aquatics Center and Silicon Valley Aquatics Association (El Toro Aquatics) shall swim at Sobrato High School, with El Toro Aquatics using the Aquatics Center as needed September through January and June through August (long course in the morning).*

*Use of lanes in those months will be determined by Makos working in conjunction with the City to ensure El Toro Aquatics has fair use. Scheduling will be prioritized for City programs first and the City will have final say in scheduling.*

*The Parks and Recreation Commission further recommends that the City explore development of a municipal swim team and report back to the PRC for further consideration. These assignments will stand until further recommendation by PRC.*

The proposed operating plan reflects this lane assignment direction. At this time, El Toro Aquatics has not requested lane space at the Aquatics Center for 2005/06, however, space would be made available for their use if required. In that circumstance, El Toro Aquatics would be charged for each lane used.

The proposed operating plan sets lanes fees of \$800 per lane per month for the months of September through April, and \$600 per lane per month for the months of May, June, July and August. In recommending these rental rates, staff balanced the estimated direct operating costs associated with use of the competition pool after the summer season (chemical and energy costs estimated at \$1,200 per lane per month) against the prior established rates of \$600 per lane during the summer and \$1,000 per lane in the off season.

### Swim Meets

The final component of the proposed operating plan is the hosting of four competitive swimming meets between October 2005 and April 2006. Three of the meets are expected to draw 400-500 swimmers, while the fourth meet, the Far Westerns, is expected to draw 1,100 swimmers. For the

purposes of developing the proposed operating plan, staff assumed the following arrangements would be associated with each meet hosted:

- The City would run concessions and retail functions, receiving 90% of associated gross revenue
- The City would receive facility rental revenue of \$2,000 per day
- Morgan Hill Swim Club volunteers would assist with event set up and take down and custodial services

<b>Operating Margin Associated With Hosting Four Swim Meets</b>	
<b>October 2005 – April 2006</b>	
Projected City revenue from concessions and retail sales and facility rental	\$ 76,700
Projected staffing costs	(\$ 10,720)
Projected product cost	<u>(\$ 29,800)</u>
<i>Projected Operating Margin</i>	<b><u>\$ 36,180</u></b>

This model takes into account lessons learned from hosting meets at the Aquatics Center in 2004/05. Staff have discussed with Morgan Hill Swim Club representatives how to maximize revenue and reduce expenses associated with putting on the meets planned. In particular, the proposed operating plan relies on volunteer labor to assist with facility logistics while using City staff for concessions and retail areas. Retail sales would be set up in a way to avoid outside security costs.

If the proposed operating plan is adopted, staff recommends development of a Memorandum of Understanding with the Morgan Hill Swim Club identifying the financial terms and the Club's responsibility to provide volunteer labor associated with the meets.

### **C. AQUATICS CENTER 2004/05 YEAR-END ANALYSIS**

Though a few post-closing adjustments need to be made for the 2004/05 budget year, staff believe that the final calculations will show an operating loss of approximately \$358,000 for the year. A chart summarizing the budgeted and projected actual revenues and expenditures is provided as Attachment C.

There were several contributing factors to the Center not reaching its cost recovery goals in 2004/05. Some were identified during the 2005/06 budget preparation, and other factors became clear more recently. In general, the following were contributing factors to the operating loss identified in May 2005:

- Facility pass prices initially were set below "cost recovery" levels in order to encourage community use
- Insurance costs were greater than expected

- New programs were proposed but not executed or under-performed (including private lessons not enrolled due to difficulty in getting instructors, and swim meets making less money than anticipated)
- PG&E costs were greater than expected
- For the initial season, staffing levels were not adjusted to reflect variable demand
- Swim teams paid less for lane rentals than the rate required for full cost recovery

Since May, it has become clear that revenue projections for the rest of the 2004/05 fiscal year were too high: while staff projected \$1.1 million in annual revenues, only \$1 million in annual revenues materialized. This is the reason the projected actual operating loss for 2004/05 is greater than the loss projected in May 2005.

Some of the same factors impact the adopted 2005/06 budget, particularly in the area of entrance fees and lane rentals. However, more accurate energy, insurance, and facility replacement costs have been built into the budget 2005/06. In addition, while additional workforce management analysis is recommended in order to reduce staffing costs further this, this summer staff have made efforts to adjust staffing levels according to facility demand.

#### **D. AQUATICS CENTER 2005/06 BUDGET EVALUATION**

##### *Revenue*

The adopted 2005/06 budget was developed based on overly aggressive revenue estimates. As illustrated in the charts in Attachment D, revenues from the summer 2005 season will not meet the revenue needs for the entire year. As a result, additional revenues must come in between September and April in order to meet budget targets. If not, an operating loss of \$264,000 will result (79% cost recovery), instead of the \$135,000 budgeted an operating loss (90% cost recovery).

In addition to the shortcomings in the program areas above, staff had anticipated a \$10,400 donation from the Morgan Hill Aquatic Foundation (formerly the Aquatic Center Foundation Inc.) in both 2004/05 and 2005/06 in order to support Aquatics Center operating costs. In May 2005, following budget preparation, staff were notified that the Foundation intended to support capital projects at the Aquatics Center rather than underwrite operating costs.

##### *Expenditures*

With a full-year's operations history, it is significantly easier to project actual operating expenses for 2005/06. We now know baseline energy costs, and have budgeted sufficiently to absorb a projected rate increase. Facility replacement costs are fully identified in the Aquatics Center's budget. By the end of fiscal year 2005/06, the Aquatics Center will have contributed \$120,000 toward facility equipment replacement, with \$60,000 contributions in both 2004/05 and 2005/06.

In addition, management staff have worked closely with program staff to develop program budgets for the entire year. As a result, staff believe that the adopted budget is adequate, and will support the proposed operating plan.

In developing the proposed operating plan, staff evaluated the option of closing the facility entirely for the off season (Option A). However, significant costs remain under this model, as only the

sprayground can be completely drained and the other pools must receive a minimal level of chemical treatment and water circulation.

In addition, though current vacancies in the positions of Recreation Supervisor - Aquatics (also known as the Aquatics Manager) and half-time Recreation Coordinator could be prolonged, these positions would need to be filled in the spring. Further, 3.75 full-time equivalent (FTE) ongoing staff would continue to be needed at the facility: the Recreation Coordinator (1 FTE), the Facilities Specialist (1 FTE), the half-time Custodian (.5 FTE), and the quarter-time Account Clerk (.25 FTE).

An organizational chart for the Aquatics Center is provided in Attachment E.

## **E. MANAGEMENT SYSTEMS AND ISSUES**

Staff recognize that several elements of the proposed operating plan are similar to the operating model given Council in October 2004, and that significant management attention will be required to ensure that the Center meets the projected 93% cost recovery goals associated with the proposed plan.

Some important management systems are now in place. In particular, with the full implementation of the City's new financial software, staff now can tie together costs and revenue associated with program areas, and track the financial status of those program areas in a more timely way, typically weekly. This is a significantly different financial management approach from that used by other departments, but one that is essential for the Center to run like a business. Recreation staff have received substantial support from Finance Department staff in establishing this approach.

Related to financial management systems are human resources management systems. The Aquatics Center has tremendous seasonal hiring needs, employing over 100 temporary staff for the summer season. In the last year, staff have streamlined the hiring process, but it is still a significant work effort to recruit, screen, and train over 100 temporary workers. Staff recommend continuing refinement of the recruitment and training processes associated with temporary employees.

In addition to effective management of temporary staffing resources, in developing the proposed operating plan staff endeavored to effectively manage ongoing staff resources. The plan includes using budgeted regular staff to lead classes in order to avoid incurring additional costs. In light of the current Aquatics Supervisor and half-time Recreation Coordinator vacancies, staff evaluated the necessity of filling these positions at this time. Given the programming proposed, the necessity of timely financial reporting, and the analyses suggested to take place in the off season, staff recommends proceeding with recruitments for these positions. The proposed operating plan assumes these positions, currently filled by temporary employees, will be filled over the entire budget year.

Finally, staff intends to conduct a customer satisfaction survey in late August. The survey is intended to identify program and facility strengths and opportunities for improvement.



**F. EVALUATION OF THE MARKETING PROGRAM AND IMPACT OF CAPITAL IMPROVEMENTS AT THE AQUATICS CENTER**

*Marketing*

An effective marketing program is essential to increasing use and the financial success of the Aquatics Center, both in the summer season and the rest of the year. Staff used several marketing methods this spring and summer to promote the facility, including promotions in the *San Jose Mercury News* and *Bay Area Parent*, an ad on KSBW TV (which now runs on the City's government access channel), and detailed program offerings in the *City Connection* newsletter and on City and Aquatics Center websites.

To enhance facility use in the off season and meet the revenues projected in the proposed operating plan, it is critical that marketing for fall activities begin as soon as possible. Should the Council adopt the proposed plan, staff are prepared to announce program offerings right away. In addition to using Channel 17, the City's main website and the Aquatics Center website, staff would distribute flyers to current Aquatics Center attendees, send letters to program participants from the past year, and prepare flyers for distribution to students when school commences.

To enhance facility use in summer 2006, staff recommends developing a marketing plan to reach out to the Center's regional market. It may be appropriate to include radio ads in the future. Staff conducted a zip code survey for three weeks in July to get a sense of regional interest in using the facility. A chart with the survey results is in Attachment F. Although this survey provides only a limited data set, it may be worthwhile to pursue different advertising strategies in the future, to draw new visitors who live within a 30-60 minute drive from the Center. Staff should also evaluate the effectiveness of promotions run this summer via the user survey and receipt of coupons and passes associated with those promotions. Finally, there are opportunities for partnerships with local school districts, private schools and child care facilities for rental of the facility and private parties at the facility.

A final component of the plan should be identification of methods for encouraging daily users of the facility to become pass holders.

*Capital Improvements*

On February 16, 2005, the Council authorized \$600,000 in capital improvements to the Aquatics Center. These improvements were intended to enhance use of and satisfaction with the facility in order to enhance cost recovery. The major components associated with that funding were installation of a second water slide, construction of an overflow parking lot, installation of a chlorine generation system, and a variety of improvements intended to reduce concession lines and improve service satisfaction.

Most of those improvements are now complete. Staff have not formally analyzed the impact of those improvements at this time, but recommend returning to the Council with this analysis at a later date. Staff have received positive feedback on the slide and the shade structure over the concession area, and have observed regular use of the overflow parking lot. The concessions trailer has just recently been deployed and its usefulness will be tested at an August 5-7 swim meet. The financial and operating impact of the chlorine generation system has not yet been completed.

**G. SUMMARY OF STAFF RECOMMENDATIONS FOR IMPROVING THE FINANCIAL PERFORMANCE OF THE AQUATICS CENTER**

As detailed in this report, staff recommends a number of activities for improving the financial performance of the Aquatics Center. These recommendations are summarized here with a proposed schedule. In addition, staff propose monthly reports to the City Council on the Center's performance, with recommendations for course correction if needed.

**August 2005**

- Council adoption of Proposed Aquatics Center 2005/06 Operating Plan
- Marketing of fall programming through City websites, Channel 17, flyers to patrons and students (preparation in August, distribution early September)
- Begin recruitment for Recreation Supervisor (Aquatics Manager) and Recreation Coordinator (.5 FTE)
- Customer survey

**September 2005**

- Report to Council on chlorine generation system and extent to which it is meeting projected cost savings, as well as impact of other capital improvements
- Establish Memorandum of Understanding with Morgan Hill Swim Club for hosting four swim meets at the Aquatics Center October 2005 – April 2006

**October 2005**

- Thoroughly evaluate concessions and retail staffing and operating procedures
- Evaluate opportunities to encourage corporate rental of the facility, such as a beer tent outside of the facility entrance

**November 2005**

- Evaluate risk management changes to allow activities such as SCUBA instruction
- Determine opportunities for additional programming: kayaking, class offerings through Gavilan

**January 2006**

- Evaluation of aquatics program development and cost recovery in light of construction of the Indoor Recreation Center, which includes an indoor pool, and community access to the pool at Sobrato High School

**February 2006**

- Define operating hours and summer programming plan. Charts associated with facility admission in summer 2005 are shown in Attachment G

- Conduct an analysis of pass holder data in order to set appropriate rates for the summer 2006 season. Charts associated with pass holder usage are shown in Attachment H
- Evaluate operating hours for recreational swimming in the summer 2006 season. The Aquatics Center is open for more hours of recreational swimming than other municipalities, which affects staffing costs. Schedules for each pool should be evaluated as well.

**March 2006**

- Evaluate the extent to which Center operations meet the needs of Spanish-speaking customers
- As part of the budget process, evaluate opportunities to provide scholarships for lessons, and admissions scholarships to people who do not qualify for scholarships offered under the CDBG program (Village Avante, Willows, Villa Ciolino, and youth active with the El Toro Youth Center)

**Section H: Memorandum on Aquatics Center Operational Budget History**



## Memorandum

**Date:** July 26, 2005

**To:** Ed Tewes, City Manager  
Melissa Stevenson Dile, Acting Recreation & Community Services Manager

**From:** Julie Spier, Special Assistant to the City Manager

**Subject:** Aquatics Operational Budget

**Note:** Attachments available by request

I was asked to review the historical summary of the operating budget and cost recovery goals of the Aquatics Center prior to its opening and the initial year. Sports Management Group (SMG) was hired as consultants for this project in fall 2002 to provide program refinement, design review, market analysis, fee development, operational structure, and business plan development of the Aquatics Center project. SMG and staff worked with a Council Sub-Committee (Committee) beginning October 22, 2002.

### **Sports Management Group**

On October 31, 2002 SMG presented a summary of Programming and Design Recommendations to the Committee noting that the City had an objective of achieving full cost recovery from the operations of the Aquatics Center. The initial SMG analysis states *"The year round operation of the 50 meter x 25 yard competitive pool portion of the complex will, in all probability, result in an operating loss"*.

A recommendation of the Committee was for the 50 meter pool to be "all deep". SMG pointed out that to have the 50 meter pool be an all deep pool, instead of an area of 3'6" to accommodate more uses, would adversely impact the programming, operating costs and revenue generating ability of the pool. Committee and Council recommended an all deep pool, which enhanced competition meet ability but impacted the revenue projection by \$75,000. (pg. ii of January 29, 2003 SMG report).

This decision resulted in Committee meetings and discussions revolving over the cost recovery goals of the center in recognition of the desire to be affordable to the community, the financial capabilities of the local swim teams to support the facility in the off-season, and a desire to have the facility open as long as possible over the course of the year. SMG provided a preliminary fee structure that addressed the above goals of the Council/Committee. These proposed fees were discussed and changes made. For example, in the initial fee structure SMG proposed that the water polo team's fee would be \$150/2 hours to obtain cost recovery of use of the 50 meter pool. This was changed by the Committee to \$50/hr based on water polo team affordability. Council initially approved \$25/hour. (Oct. 04 Council approved \$40/hr. rate).

Realizing that the Aquatics Center would have a tremendous challenge to recover 100% cost recovery with a 12 month operating schedule of the 50 meter pool, staff received Council's approval to send out

a Request for Statements of Interest and Qualifications to Manage and Operate the Aquatics Complex. This was undertaken in November 2002. There were three interest letters to the request which were reviewed by the Committee. One commercial venture was explored. Council determined it was important that the project stay on schedule and the operator discussion was sent to the Committee. The Committee concurred that due to the accelerated construction schedule and the lack of capital to build out the complex for the commercial venture's needs that the City would operate the facility the initial year. Committee asked staff to continue discussions with the Morgan Hill Aquatics Center, Inc. /Foundation with the intent to develop an agreement with them operating the 50 meter pool during the off-season months. After months of negotiations between City Recreation and Community Services Staff and Foundation representatives, it was determined that an agreement could not be reached as one of the two local swim clubs chose not to participate in the Foundation. Instead, Council directed staff to work with both clubs and treat them both as priority renters.

Based on Committee input, SMG presented an Operating and Expense Assumptions memo in December 2002 and a draft financial analysis on January 3, 2003. After receiving feedback from the Committee, SMG provided the Aquatic Complex Financial Analysis Preliminary Report Draft of January 15, 2003. A Fee and Revenue Options sheet was developed by SMG based on further feedback from the Committee to assist in determining rates for Council recommendation. Committee proposed Option 1 fee scale for the initial operating year.

### **Preliminary Financial Analysis January 29, 2003**

The final Preliminary Financial Analysis report dated January 29, 2003 was also based on the schematic design that was to be presented to the Council/Agency on January 22, 2003. These items overlapped due to the accelerated schedule of the project. The report was presented to Council on February 5, 2003 after a preparation meeting with the Committee. Some assumptions of this report are:

1. Concessions would be operated by an outside contractor. *March 2004 Council agreed to have the city operate the concessions after request for vendors did not result in a viable business proposal from the two local proposals. It was determined that a base line year needed to be established and \$70,000 of start-up operational costs coverage was budgeted.*
2. Size of concessions would be limited to one small stand
3. Anticipated that the initial period of operation will generate lower revenue for programs/classes that require time to market and build a following.
4. Operations and revenues were shown in a range
5. Different assumptions were made regarding the period of the 50 meter pool operation with a shallow end which has significant impact on operating cost. The development of an "all deep" water pool will result in a net loss of approximately \$75,000 to \$100,000. A 9-month operation was the base with shutdown occurring during the months of December, January and February.
6. For the initial year, based on 9-months of operation of the 50 meter pool with seasonal operation of the recreational pools, the cost recovery potential could achieve 72% with a subsidy of (\$256,500). This does not include the additional \$75,000 expense to operate an all deep 50 meter pool which would bring the first year operating subsidy to (\$331,500).
7. Average cost recovery for a 9-month operation achieved by year 3 would be expected at 82% with a subsidy of (\$154,000). Adding the additional expense of \$75,000 to operate an all deep 50 meter pool brings the operating subsidy to (\$229,000).
8. For the initial year, a 12 month operation of the 50-meter pool would result in a cost

recovery potential of 63% cost recovery with a subsidy of (\$388,000). This does not include the additional \$75,000 expense to operate an all deep 50 meter pool which would bring the first year operating subsidy to: (\$463,000).

Note: *Actual projected for FY04/05 is a 74% cost recovery with a subsidy of \$358,000.*

9. 12 month operation of the 50-meter pool would increase expenses by at least \$105,000 resulting in an average cost recovery of 68% with a subsidy of (\$328,000) by year 3.
10. First year the city would be closer to the low end of the projections as programs build up; city to achieve cost recovery possibly by the second year.
11. Revenue assumptions included the following: Swim team monthly practice fee for 9 months was recommended at \$1500/ eventually approved at \$1250. Water polo was recommended at \$150/2 hours and eventually approved at \$25/hr.
12. Basic assumptions: Market is a 12 mile radius with the cities of Morgan Hill, San Martin, and Gilroy. Projected attendance: 66,000-70,000/ annually.
13. Contract custodian
14. Recreation Coordinator was shown as a half time position. The position was hired as full-time to assist with increased programming. We traded out the OAI position during the off-season to off set the expense.
15. Revenue included a weekly special event/family night. They were not successful the initial year but may have potential if given time to develop. Special events were not planned for the second season.

Fee Assumptions

	Initial Report 1/3/03	Presented to Council 2/5/03	Council Adopted for initial season	Change for 2005 summer season
Daily			Under 2 free	Under 2 free
Child	\$2.00	\$3/\$4 nr	\$3/\$4 nr	\$5/\$6 nr
Youth/Teens	\$4.00	\$5/\$6 nr	\$5/\$6 nr	\$7/\$8 nr
Adults	\$4.50	\$5/\$6 nr	\$5/\$6 nr	\$7/\$8 nr
Seniors	\$3.00	\$3/\$4 nr	\$3/\$4 nr	\$5/\$6 nr
Passes				
	10 visit pass	20 visit pass	10 visit pass	20 visit pass
Child/senior	\$30	\$45/\$60 nr	\$40/\$48 nr	\$80/\$100 nr
Youth/Teen	\$60	\$75/\$90 nr	\$40/\$48 nr	\$80/\$100 nr
Adult	\$70	\$75/ \$90 nr	\$40/\$48 nr	\$80/\$100 nr
Daily Lap Swim	\$4 proposed/	\$5/ \$6 nr	\$5/\$6 nr	
Summer Lap Swim	\$70/\$85 nr	\$70/ \$85 nr	\$70/\$85 nr	
Monthly Lap swim	\$45/\$55 nr	\$45/ \$55 nr		
Fall Lap Swim	\$125/\$150 nr	\$125/ \$150 nr		
Birthday Parties	\$165	\$175		\$250/\$280 nr
Water Aerobics	\$5 drop-in 12 visits \$40	\$5/\$6 drop-in 12-visits \$38/\$42 nr		\$45/\$55 nr
Swim Lessons 8 visits	\$35/\$40 nr	\$50/ \$60 nr		\$64/\$74 nr
Private Lessons 4 or more visits	\$100/\$110 nr	\$90/ \$110 nr		\$216 for 8 lessons
Masters swim daily	\$2.00	\$3.00		\$45/\$55 monthly
Swim Team Practice	\$1500	\$1250	\$600 prime season, \$1250 off season	\$600 prime season, \$1,000 lane off season
Water polo practice- 2 hours	\$150	\$50	\$25/hr.	\$40/hr.

## **Break Even**

April 16, 2003 SMG was asked to analyze the probable operating costs and revenue potential for the Aquatics Complex for the purpose of estimating the time period of a “break-even proposal”. Their analysis indicates that the City could operate April through October with possibly achieving 100% cost recovery.

SMG reported that it is the recreational areas that generate revenue and that the subsidy is attributable to having a larger body of water. SMG estimated that with about six months of operation of the competitive pool, the City would have the greatest chance to break even and would result in an operating savings of approximately \$110,000.

SMG stated that the City should expect to achieve cost recovery by the end of the second season based on an operating schedule of 4-6 months. In the first year, it was anticipated that the city should see closer to the low end of the projections as programs are not yet established and the activities not known to the community. This would result in a subsidy to the center as reflected on page 26 of the February 5, 2003 Council report in the amount of approximately \$388,000 the first year.

Agency meeting minutes of February 5, 2003 indicate that the Agency always anticipated a subsidy was required due to the 50 meter pool component. Agency Board shared pessimism that the City would be able to recover a tremendous amount in the first couple of years, but was willing to work hard to minimize the risk. The Agency Board unanimously received the Preliminary Financial Analysis report as prepared by SMG and recommended by the Committee. This point was also reinforced at a June 4, 2003 Council meeting wherein the minutes regarding the Award Phase 1 of Construction Contract for Pool Package reflect Mayor Kennedy stating that it is the City’s goal to reach a point where the Council keeps the annual subsidy to an absolute minimum. It was indicated that the Council had a good handle on all of the operational numbers and the center’s potential costs would be.

On March 27, 2003 an email was distributed to the Council Committee Members with attached operating cost summaries based on cost recovery scenarios of the bid alternates. The basis of this information was to determine the impact of specific bid alternates to the operational cost recovery of the center as depicted in the construction bid package. This was done in order to meet the construction budget.

On April 17, 2003 an email from City Manager to Council member Carr supports that the first year approach (high costs/low revenue) would require a subsidy with the third year stabilizing into the average cost/average revenue assessment by SMG. Breakeven could occur by year three depending on the number of months of operations. SMG indicated that a season of April to October would have a fighting chance to reach the breakeven goal. Their assessment for when breakeven would occur:

- 1<sup>st</sup> year: 5 months operations
- 2<sup>nd</sup> year: 6 months operations
- 3<sup>rd</sup> year: 7 months operations

Each additional month impacts the operational recovery potential. SMG estimated that the net operating cost in the off-season months would be in the range of \$30,000-\$40,000 month in the stabilized third year. Note: for the 2004-2005FY it was determined that the cost to close the facility with 1 full time equivalent staff would be \$33,000/month.



### **Initial Fee Proposal**

In March 2004 Committee considered staff recommendation to increase fees if 100% cost recovery was still the goal. Committee understood the fees were low but that it was important to keep them low the first year for community access and swim team support and would consider increasing for future years. This resulted in October 2004 with staff requesting an increase of \$2 per person for daily admission. It was approved as we demonstrated the fees were too low to achieve full cost recovery to sustain a year round operation. If applied the first year, it would have resulted in \$119,000 more in revenue if attendance numbers remained the same.

### **Utility Cost Estimates**

In May 2004 SMG was asked to estimate the utility cost to keep the 50-meter pool, 6 lane instructional pool and the competition restrooms open for 3 additional months. They estimated it would cost in the range of \$35,000-\$39,000/3 months not including staffing, maintenance and supplies. Their range was \$11,000 - \$13,000 per month. It has been determined that the actual monthly utility cost ranges from \$16,000 - \$20,000 with an average of \$17,500 for the entire complex. SMG's initial report dated January 29, 2003 estimated the average utility cost for the initial year with a 12 month operation at \$12,000/month. The utility costs are one area that was underestimated and under budgeted for the initial year of operations.



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE: AUGUST 3, 2005**

### **APPROVAL OF COMMUNITY PARK MASTER PLAN AND MITIGATED NEGATIVE DECLARATION**

#### **RECOMMENDED ACTION(S):**

- 1) Adopt Mitigated Negative Declaration
- 2) Adopt Mitigation Monitoring and Reporting Program
- 3) Approve Community Park Master Plan

**EXECUTIVE SUMMARY:** The Community Park Master Plan began initially in February of 2000. The Parks and Recreation Programming Master Plan was completed and approved by Council in June of 2001, but Council asked staff to delay the completion of the Community Park Master Plan so it could be developed in coordination with the Community Indoor Recreation Center site design. In late 2003, the Community Indoor Recreation Center concept site plan was completed. Staff worked with the PRC to develop a final draft of the Community Park Master Plan completing it in January of 2004. The draft Master Plan included not only proposed improvements to Community Park, but also evaluated the potential recreational uses of the present Public Works Corporation Yard and MHUSD Bus Yard properties.

Throughout 2004, the Community Indoor Recreation Center Site design and a Master Plan for the Public Works Corporation Yard were also completed. All potential uses for the Community Park and surrounding properties could now be evaluated. The design process was guided by the Parks and Recreation Commission and included community input.

Exhibit A illustrates the Community Park Master Plan as recommended by the Parks and Recreation Commission. Included on the Master Plan is the proposed location for both an Interim and Permanent Dog Park. Staff worked with the D.O.G citizen's group and the Master Plan Architect to propose these locations. The area proposed for the Interim Dog Park is a part of the "Fringe Area Reduction Plan" for Community Park as approved by Council to contain Annual Parks Operational costs.

The Master Plan includes 4 phases of work. Construction for Phase I improvements is funded in the current CIP. All other phases of work are not funded. Operationally the maintenance costs for Phase I improvements will not adversely impact our current Operational Parks Budget. Staff will be pursuing cooperation from the Tennis users to assist in maintaining the courts beyond a minimal level. In the future, should funding become available for Phases II-IV improvements, the impact on the Parks Operational Budget for maintenance services will have to be analyzed prior to proceeding with plans for construction.

An Initial Study determined that all of the potential impacts of the project can be mitigated to a less than significant level. Staff requests Council's adoption of the Mitigated Negative Declaration, attached as Exhibit B, and the Mitigation Monitoring and Reporting Program, attached as Exhibit C. The Initial Study is included under separate cover.

**FISCAL IMPACT:** There is sufficient funding within the CIP to proceed with Phase I construction.

**Agenda Item # 14**

**Prepared By:**

**Deputy Director Public  
Works/Operations**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**



## CITY COUNCIL STAFF REPORT

**MEETING DATE: August 3, 2005**

**Agenda Item # 15**

**Prepared By:**

**Community  
Development  
Director**

**Submitted By:**

**City Manager**

### **AGREEMENT TO PARTICIPATE AS NON-VOTING LOCAL PARTNER TO PREPARE SANTA CLARA VALLEY HABITAT CONSERVATION PLAN/NATURAL COMMUNITY CONSERVATION PLAN (HCP/NCCP)**

#### **RECOMMENDED ACTION(S):** By motion:

- (1) Authorize the City Manager to execute the attached Non-Voting Local Partner Agreement; and
- (2) Amend the FY2005-06 Budget to include \$111,000 in the General Plan Update Contract Services account for the HCP/NCCP from the following sources, and authorize transmittal of the first year's \$111,000 to the County of Santa Clara:

\$31,000	General Plan Update Fund	<i>(facilitates Open Space &amp; Conservation Elements of GP)</i>
\$20,000	Community Development Fund	<i>(facilitates environmental reviews of projects)</i>
\$10,000	Water Impact Fund	<i>(facilitates permitting for water projects)</i>
\$10,000	Sewer Impact Fund	<i>(facilitates permitting for sewer projects)</i>
\$10,000	Parks Impact Fund	<i>(facilitates permitting for parks projects)</i>
\$10,000	Storm Drainage Impact Fund	<i>(facilitates permitting for storm drainage projects)</i>
\$20,000	Traffic Impact Fund	<i>(facilitates permitting for roadway projects)</i>

**EXECUTIVE SUMMARY:** Morgan Hill has the opportunity to join another inter-jurisdictional planning effort (similar to the Water District's Collaborative process), to prepare a Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP), as a "non-voting local partner". US Fish & Wildlife, as well as State Fish & Game, are participating along with VTA, SCVWD, San Jose, and the County. Gilroy has also been invited to participate. The projected cost (with EIR) is about \$260,000 spread over three years. The Gilroy City Council has expressed support, but funding has not yet been identified. Morgan Hill's first year \$111,000 costs therefore do not assume Gilroy participation. Costs will be adjusted in future years to reflect Gilroy participation or receipt of additional grants, but are expected to be about \$50,000 in FY 06/07, and \$100,000 in FY 07/08. It took the original four local partners about 2 years to negotiate their MOU. The idea of inviting Gilroy and Morgan Hill to participate did not occur until later, and for ease of moving forward, the offer to join is as a "half-cost, non-voting" member. The effort is based on consensus, much like the Collaborative's "land use near streams" effort, and the expectation is that "voting" will be rare. The City Attorney has reviewed the agreement, and noted that having a vote would only be meaningful in situations where an issue voted upon was 2-2 among voting partners, and since the effort is based on consensus and technical analysis, the lack of a vote will likely have little practical effect, especially since the voting partners have indicated that they desire full participation from Morgan Hill in every other respect.

The Community Development and Public Works Departments recommend that Morgan Hill participate. There is an opportunity to work in a positive, pro-active way with the resource agencies (F&G, F&W) as well as the other agencies. This could be very important to Morgan Hill in terms of future public works projects and activities, as well as private development projects that could have impacts on species or habitats. There is an opportunity to define "covered activities" as "buildout of the General Plan/UGB", expansion of the water treatment plant, road/bridge projects, and maintenance activities that have any prospect of impact on species or habitats. The idea is that the impacts of these activities that occur over the long term are addressed by a regional, consolidated approach to mitigation that actually creates preserves and other conditions that will protect the species/habitats. The existing case-by-case approach is much less effective in actually preserving/protecting species and habitats. As the HCP process moves along, it is reasonable to expect that "consciousness" gets raised and new levels of expectation created regionally with regard to what activities have potential for impacts, what must be studied, what requires permits from resource agencies, how mitigation should occur, and so forth. Therefore, Morgan Hill will likely be "subject" to the HCP indirectly, even if the city didn't participate. The resource agencies have stated that they are overwhelmed by the case by case approach; it can take an extremely long time (several years) to have those agencies consider and issue permits for proposed projects. The resource agencies are giving priority to and work efforts that are part of a regional HCP effort/plan.

**FISCAL/RESOURCE IMPACT:** Funds are available for the effort in the above-noted funds. It is anticipated that Community Development Department staff will spend about 16 hours per month on this effort, with additional staff time needed from the Public Works Department from time to time to assist with definition and analysis of future public works projects and activities.



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE: August 3, 2005**

**Agenda Item #16**

**Prepared By:**

**Community  
Development  
Director**

**Submitted By:**

**City Manager**

### **COMMITMENT TO ANNEX UNINCORPORATED ISLANDS LOCATED WITHIN THE URBAN SERVICE AREA**

**RECOMMENDED ACTION(S):** By motion:

- (1) Direct staff to prepare initiation of island annexations under the provision of Government Code Section 56375.3, for those identified on the attached chart and
- (2) Request that the County provide the necessary mapping, legal descriptions, and Surveyor's Reports for the islands identified in the attached chart.

**EXECUTIVE SUMMARY:** On February 9, 2005 LAFCO adopted Island Annexation Policies which strongly encourage cities to undertake annexation of unincorporated "pockets" or "islands". Recent state law increased the threshold for "no protest/no elections" annexation proceedings to include islands of up to 150 acres (the previous threshold was 75 acres), for those completed by December 31, 2006. LAFCO has identified 17 islands within Morgan Hill. As shown by the attached chart, certain of the islands are either already done or "in process" such that they should not be included within the island annexation package. Certain others have completed certain steps toward annexation, but are stalled and not making progress. This is usually due to delay or lack of effort toward resolving code compliance issues, which the City has generally required prior to annexation. However, in order to complete the island annexations, staff is recommending that the City go ahead with each of these stalled annexations, even if code compliance has not yet occurred. Once the islands are part of Morgan Hill, the city will be able to undertake code enforcement with its staff, which is staffed to a greater degree than the County.

The Planning Division FY 2005-06 Work Plan includes the island annexation effort. Initially, staff contemplated only including those islands for which there was no existing annexation application, but as explained above, staff is now recommending that all islands be included, except for those which are already done or are actively moving toward completion. Also, once Holiday Lakes Estates is included within the city's Urban Service Area (USA), which is anticipated to occur in October 2006, then it would also qualify as an island and staff recommends it be included in the package.

Therefore, the city would be initiating annexation of all identified islands except for #2 (already done) and #9 and #15 (annexations actively making progress toward completion), and adding Holiday Lakes Estates assuming that the USA amendment is approved in October by LAFCO.

With respect to CEQA, these islands are either already developed or are included within the USA, and the level of anticipated development would be consistent with the 2001 General Plan. There are no specific development applications associated with any of the islands, therefore the island annexations are covered by the General Plan Environmental Impact Report.

**FISCAL/RESOURCE IMPACT:** County map preparation and review costs are \$2,000 plus staff time at \$115/hour, and the County will waive these costs if the island annexations are completed, otherwise the City of Morgan Hill would be billed for those costs. LAFCO is waiving filing fees, and the County is waiving fees, preparing surveyor's maps and legal descriptions, and will pay the State Board of Equalization fees. Additionally, County funding has been identified to upgrade to an adequate Pavement Maintenance Index, as needed. Fiscal/resource impact on the city consists of staff time to process the annexations, and will include staff time to complete code compliance activities on certain properties once they are included within the City. As vacant lands develop, those developers will complete missing infrastructure.

# Unincorporated Parcels in Urban Service Boundary



## Legend

- Urban Service Boundary
- City Limits
- Unincorporated Lands within the Urban Service Area
- Base Map



**Table for Unincorporated Parcels in Urban Service Boundary**

Site #	Location	Site Acreage	# of Property Owners	City General Plan	County Zoning	PREZONING / ZONING	Comments/Issues
1	Tilton Ave. and Hale Ave.	1.94	4	SFL/PF	A-20, sr	R-1 20,000 & PF	Initiate City Annexation as Island
2	Clayton Ave. and Peebles Ave.	4.36	1/George Merlano	SFL	A-20	R-1 20,000	<i>Annexation Completed 7/27/05</i>
3	Hale Ave.	1.37	2	SFM	A SR		Initiate City Annexation as Island
4	Teresa Ln and Sabini Ct.	17.81	5	RE	HS, sr	RE 40,000	Initiate City Annexation as Island
5	Llagas Rd.	17.1	10	RE/SFL	A1 HS 2.5 sr/A1 2.5	Open Space above 600' elevation; remainder at RE-40,000	Initiate City Annexation as Island; Need to address split lines of assessment; In UGB; possible USA amendment to ridgeline.
6	Cochrane Rd.	54.9	3	SFM	A1 2.5	West parcel to R-1 7,000; Other two parcels to R-1 9,000 to match front	Initiate City Annexation as Island
7	Cochrane Rd. & Peet Rd.	142.19	3 - Borello; SCVWD	SFL/PF	A-20s	83 acres at R-1 12,000; 40 acres at R-1 20,000; 10 acres PF	Annexation application stalled and withdrawn; Initiate City Annexation as Island
8	Diana Ave. and Hill Rd. -- El Dorado III	15	39	SFL	R1 10	R-1 12,000	Initiate City Annexation as Island. Previous annexation agreement provides City may annex. HOA not created for project, common areas owned & maintained by developer. City water & sewer already provided
9	Diana Ave / Shelton	19.57	3	SFL	A-20	Already Prezoned	Annexation application in process for October 2005 City Council action - <i>Do not include in islands package</i>

10	US 101 & Condit Rd.	45.9	3 - Kubo	OI/OS	A-20, sr	HC - PUD	Initiate City Annexation as Island; Owner processing GPA to Commercial
11	E. Dunne Ave.	4.83	1/Mei Wong	SFM	A1-2.5	R-1 7,000	Initiate City Annexation as Island. Stalled - code compliance
12	Murphy Ave.	2.35	1/JNM Properties	SFM	A1-2.5	R-1 7,000	Initiate City Annexation as Island. Stalled - code compliance
13	Condit & Murphy	18.14	1/Evergreen Investment Group	C	A-20, sr	CG - PUD	Initiate City Annexation as Island.
14	DeWitt Ave.	2	1/McDonough	SFL	HS, sr	Already prezoned R-1 12,000; RPD	Initiate City Annexation as Island. Still need map & legal description
15	W. Edmundson Ave.	13.86	3	SFM/MFL	RR	R-1 9,000	Annexation in process - <i>Do not include in islands package</i>
16	Tennant Ave. & Railroad Ave.	4.5	2 - Union Pacific	I	A-20	ML	Initiate City Annexation as Island
17	Monterey Rd.	20.63	3	I	A-20	1 RE 40,000; 2 ML	Annexation in process, code enforement corrections required.
18	Holiday Lakes Estates	about 140	about 200	SFL		R-1 20,000	Eligible after USA amendment